

THE CITY OF SHAWNEE, OKLAHOMA

Basic Financial Statements

June 30, 2008

(With Independent Auditors' Report Thereon)

CITY OF SHAWNEE, OKLAHOMA
TABLE OF CONTENTS
JUNE 30, 2008

Introduction Letter..... 1

Independent Auditors' Report.....6

Management's Discussion and Analysis.....8

Basic Financial Statements.....19

Statement of Net Assets as of June 30, 2008.....20

Statement of Activities for the year ended June 30, 2008.....21

Balance Sheet - Governmental Funds and Reconciliation of the
Governmental Funds Balance Sheet to the Statement of Net Assets
as of June 30, 2008.....22

Statement of Revenues, Expenditures, and Changes in Fund Balance –
Governmental Funds for the year ended June 30, 2008.....23

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities as
of June 30, 2008..... 24

Statement of Net Assets - Proprietary Funds as of June 30, 2008.....25

Statement of Revenues, Expenses, and Changes in Fund Net Assets -
Proprietary Funds for the year ended June 30, 2008.....26

Statement of Cash Flows - Proprietary Funds for the year ended June 30, 2008.....27

Statement of Net Assets - Fiduciary Fund as of June 30, 2008.....28

Notes to the Basic Financial Statements.....29

Required Supplementary Information.....54

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - for the year ended June 30, 2008.....55

Notes to Required Supplementary Information on Budgetary Accounting and Control.....59

Defined Benefit Pension Plan Funding Schedules.....61

Supplementary Information.....62

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - for the year ended June 30, 2007.....63

Capital Improvement Capital Projects Fund - Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - for the years ended June 30, 2008 and 2007.....67

Street Improvement Capital Projects Fund - Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - for the years ended June 30, 2008 and 2007.....68

Shawnee Municipal Authority Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds - Budget and Actual - for the years ended June 30, 2008 and 2007 69

Shawnee Airport Authority Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds - Budget and Actual for the years ended June 30, 2008 and 2007..... 70

Workers’ Compensation Self-Insurance Fund Schedule of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Fund - Budget and Actual - for the year ended June 30, 2008.....71

Combining Balance Sheet - Nonmajor Governmental Funds for the year ended June 30, 200872

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds for the year ended June 30, 2008.....74

Street and Alley Special Revenue Fund Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - for the years ended June 30, 2008 and 2007.....76

E-911 Special Revenue Fund Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - for the years ended June 30, 2008 and 2007.....77

Revolving Oil and Gas Special Revenue Fund Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - for the years ended June 30, 2008 and 2007.....78

Economic Development Special Revenue Fund Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - for the years ended June 30, 2008 and 2007.....79

Spay and Neuter Special Revenue Fund Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - for the years ended June 30, 2008 and 2007.....80

Hotel / Motel Surcharge Special Revenue Fund Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - for the years ended June 30, 2008 and 2007.....81

Police Sales Tax Special Revenue Fund Comparative Schedule of Revenues,
Expenditures, and Changes in Fund Balances - Budget and Actual -
for the years ended June 30, 2008 and 2007.....82

Fire Sales Tax Special Revenue Fund Comparative Schedule of Revenues,
Expenditures, and Changes in Fund Balances - Budget and Actual -
for the years ended June 30, 2008 and 2007.....83

Library Special Revenue Fund Comparative Schedule of Revenues,
Expenditures, and Changes in Fund Balances - Budget and Actual -
for the years ended June 30, 2008 and 2007.....84

Cemetery Perpetual Care Special Revenue Fund Comparative Schedule of Revenues,
Expenditures, and Changes in Fund Balances - Budget and Actual -
for the years ended June 30, 2008 and 2007.....85

Senior Citizens Special Revenue Fund Comparative Schedule of Revenues,
Expenditures, and Changes in Fund Balances - Budget and Actual -
for the years ended June 30, 2008 and 2007.....86

Gifts and Contributions Special Revenue Fund Comparative Schedule of Revenues,
Expenditures, and Changes in Fund Balances - Budget and Actual -
for the years ended June 30, 2008 and 2007.....87

Sister Cities Special Revenue Fund Comparative Schedule of Revenues,
Expenditures, and Changes in Fund Balances - Budget and Actual -
for the years ended June 30, 2008 and 2007.....88

Tax Increment Finance Special Revenue Fund Comparative Schedule of Revenues,
Expenditures, and Changes in Fund Balances - Budget and Actual -
for the years ended June 30, 2008 and 2007.....89

Drug Forfeiture Special Revenue Fund Comparative Schedule of Revenues,
Expenditures, and Changes in Fund Balances - Budget and Actual -
for the years ended June 30, 2008 and 2007.....90

Debt Service Fund Comparative Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - for the years ended
June 30, 2008 and 2007.....91

94 Street Improvement Capital Project Fund Comparative Schedule
of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - for the years ended June 30, 2008 and 2007.....92

Mayor

LINDA PETERSON



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Office of the City Manager

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Commissioners

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JAMES HARROD
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CARL HOLT

March 20, 2009

To the Honorable Mayor and Members of the City Council of the
City of Shawnee, Oklahoma:

State law requires that cities publish, within six months after the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. We submit to you the City of Shawnee's Basic Financial Statements with the independent auditors' report thereon for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the City's management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Shawnee's financial statements have been audited by Eide Bailly, LLP, a firm of licensed certified public accountants. The goal of the independent auditor was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2008, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2008 are fairly presented in conformity with GAAP.

The independent audit of the City's financial statements was part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal

requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These auditors' reports are presented in the separately available Single Audit report.

GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

The City of Shawnee provides many municipal services including police and fire public safety, emergency management, water, sewer, and sanitation services, street construction and maintenance, street lighting, parks, lake and recreational facilities, planning, community development, code enforcement, and general administration. For financial reporting purposes, all funds, agencies, boards, commissions, and authorities over which the City Council has financial accountability, are included in this report. Financial accountability is determined by several different factors including fiscal dependence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits and separate legal entity status. After a careful evaluation of these factors, the City has included in this financial report the Shawnee Municipal Authority and the Shawnee Airport Authority, as well as all funds of the City. Also included in this report in a separate column is the financial information of the Shawnee Civic and Cultural Development Authority, a discretely presented component unit of the City.

GOVERNMENTAL STRUCTURE

The City of Shawnee operates as a Council/Manager form of government. The governing body of the city consists of a mayor, who shall be elected from the city at large; and of six (6) other commissioners. The City Council also serves as trustees of the Shawnee Municipal Authority and the Shawnee Airport Authority. The Mayor and Council appoint a City Manager, who is the chief executive officer of the city, and also appoints a City Treasurer. Responsibility for the day-to-day operations of the City rests with the City Manager.

Shawnee, originally incorporated in 1894, is located on Interstate 40 approximately 40 miles east of Oklahoma City. The City covers an area of 44 square miles and has a population of 28,692 according to the latest census. Shawnee's retail base continues to expand along the I-40 corridor, with several new hotels, restaurants, and retail establishments.

ECONOMIC CONDITION AND OUTLOOK

The City's top priority is to provide the highest level of public services possible with available funding. Like most other Oklahoma municipalities, long-term municipal finance is a concern. A broad analysis of the current and future expenditure needs of the City must be considered when appropriating revenues and building unreserved fund balances.

The City is almost solely dependent on sales and use tax to fund all general government operations. Approximately 70% of the City's general fund revenues are provided by sales and use tax. These taxes are directly affected by the state of the local economy and their use is often restricted by voter approval. As a result, it is a volatile revenue source from a budget perspective.

Sales and use tax collected by the City during fiscal year 2007-2008 increased 7.5%, almost \$1,148,600 over the previous fiscal year. Current fiscal year sales taxes collections received through January 31, 2009 are 5.8%, or \$514,819 above last year's collections for the same period, and are meeting budgeted projections for fiscal year 2008-2009. The City continues its proactive education of residents, contractors, and retailers that sales taxes are collected at the point of delivery. This has been an ongoing problem for our City, since we are so close to shopping opportunities in metropolitan Oklahoma City.

The City has seen an increase in sales tax exemptions and federal regulations; rising expenses from binding arbitrations with employee unions; and more federal and state unfunded mandates. Construction materials and chemicals have become much more expensive. New requirements of audits have added to the list of expenses cities and towns must endure.

In accordance with Oklahoma Statute Titles 11 Section 17-211 and 68 Section 3017, the City strives to maintain a minimum unreserved fund balance totaling 10% for budgeted expenditures as a reserve for revenue shortfalls, unanticipated expenditures, and to meet daily cash flow requirements.

Recent flooding, drought, and ice storm disasters, as well as increased fuel and utility costs, have caused increased expenses. The December 7, 2007 ice storm cost the City over \$600,000 for debris removal for citizens. The City did not receive most of its federal and state reimbursements until November, 2008 and only recently has received the final payment of approximately \$90,000. The City's unreimbursed cost of the debris cleanup was over \$80,000. During this time the City had to spend down its unreserved fund balance to pay these unexpected costs while faced with the uncertainty of federal and state reimbursements.

The City's fiscal year 2008-2009 budget estimates revenues of \$16,048,000 and expenditures of \$16,901,000, which will further decrease its unreserved fund balance. A goal included in the upcoming fiscal year 2009-2010 budget is to restore the City's unreserved fund balance to 10% of budgeted expenditures.

MAJOR INITIATIVES

As of June 30, 2008 the City has set aside \$2 million for the \$10 million Kickapoo Street construction project and will provide an additional \$1 million in the fiscal year 2008-2009 budget. The Oklahoma Department of Transportation will provide the remainder of the funding.

A partnership with the Sac and Fox Nation resulted in completing the Westech Road construction project by June 30, 2008. The University Street project was completed during fiscal year 2007-2008. The Broadway Street project and Rosa Street project were completed just after year end. The City reimbursed \$167,000 of the cost of the new YMCA's parking lot, which is located on land owned by the Shawnee Airport Authority. The street department purchased a 3-yard loader to decrease the cost of transporting materials.

Budget of approximately \$888,800 continues to be carried forward for the future construction of the regional sports park. The skate park was completed shortly after the end of fiscal year 2007-2008. Tennis courts were resurfaced and playground equipment was purchased. Several beautification projects, including a tree grant project, were completed during the fiscal year. The City renamed Woodland Park to Woodland Veterans Park and provided the use of part of the park for the veterans to construct a Veterans Memorial.

The City's Centennial Celebration, held September 21 and 22, 2007 was a tremendous success thanks to the many volunteers who worked countless hours on the various events and venues. The City received a \$20,000 grant from the Oklahoma Capitol Complex and Centennial Commemoration Commission to support the event. The City also provided a sponsorship of \$5,000. City staff from the parks, streets, fire, police, planning, accounting, and other departments provided services for the celebration. The net proceeds from the events funded or will fund beautification and art projects, including but not limited to, the Horses in the City Art project.

The Trails Master Plan, Wayfinding Study, and Zoning Development Code projects have been completed or nearly completed during fiscal year 2007-2008. The municipal auditorium received a new fire suppression sprinkler and alarm system. The utility billing's drive-by payment window was repaired and reopened for public use.

The City purchased various vehicles and equipment to support its services. The fire department received an 800 MHz radio system, brushpumper, air cascade system, and bunker gear replacements. The police department received several new police patrol units, a firearms use-of-force training simulator, dispatch auto-logger, and repairs and upgrades to its classroom facilities. The City invested over \$150,000 in computer and electronic upgrades, laptops, replacement computers, and servers.

Improvements to the water and sewer treatment facilities and infrastructure include sludge drying beds, water tower maintenance, Country Club Drive lift station rehabilitation, Gordon Cooper Drive 12 inch water line, sewer pipe bursting, and manhole rehabilitation.

The Shawnee Airport Authority completed apron repairs and hanger improvements and obtained funding for the construction of a new airport terminal.

The City expended over \$567,000 on Community Development Block Grant (CDBG) housing rehabilitation and emergency construction for eligible citizens.

The City continues to support economic development, civic and cultural activities, tourism, and other community needs through community contracts with service providers. While not as apparent as garbage pickup or police and fire safety, this financial support provides needed services to City residents and enhances our City's quality of life.

During fiscal year 2007-2008, the City supported the Shawnee Civic and Cultural Development Authority (Expo Center) with \$450,000 from the general fund, \$50,000 from the economic development fund and \$100,000 for capital improvements.

The City provided \$100,000 in financial support through a contract with the Shawnee Economic Development Foundation for services provided by that entity. The City provides partial funding of

\$32,000 to Downtown Shawnee, and passed through \$412,000 in hotel/motel surcharges to the Shawnee Tourism and Visitors Bureau, whose programs increase tourism in the City.

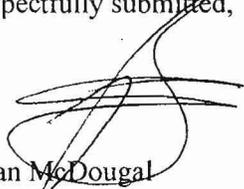
The City supported the multi-county library system by paying \$76,900 for utilities and janitorial services for the City-owned building. The City provided \$71,700 for management of the Senior Citizens Center and paid the YMCA \$43,000 to manage the Community Center. The City helped fund the local transit system with \$50,000 and provided \$10,000 to the Meals on Wheels program.

ACKNOWLEDGEMENT

We would like to thank our consultants, Crawford & Associates, P.C., for their guidance. Also, thanks to our auditors, Eide Bailly, LLP, for their assistance in this process.

Finally, to the Shawnee City Council we extend heartfelt thanks for their support. It is their commitment to financial reporting excellence that allows the citizens of Shawnee to be fully informed about their municipal government finances. We are proud to convey the Council's commitment to our citizens and to all readers of the City of Shawnee's Basic Financial Statements for the fiscal year ended June 30, 2008.

Respectfully submitted,


Brian McDougal
City Manager


Neva Treiber, CPA
City Treasurer
Finance Director



CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

To the City Commission
City of Shawnee
Shawnee, Oklahoma:

We have audited the accompanying statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shawnee, Oklahoma, as of and for the year ended June 30, 2008, which collectively comprise the City of Shawnee's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City and Authorities' management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Shawnee Civic & Cultural Development Authority which statements reflect total assets constituting 100% and total revenues constituting 100% of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Shawnee Civic & Cultural Development Authority, are based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Shawnee, Oklahoma as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note D to the basic financial statements, certain errors resulting in the understatement of previously reported capital assets, long-term claim liabilities, cash, accounts payable, and other liabilities as of June 30, 2007, were discovered by management of the City during the current year. Accordingly, adjustments have been made to the general fund's and the internal service funds' fund balances and to the governmental activities' net assets to correct the errors.

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In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the budgetary comparison schedule, and funding schedules on pages 8 through 18, 55 through 60, and 61, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The introduction letter and supplementary information included on pages 1 through 5 and 62 through 92, respectively, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information included on pages 62 through 92 has been subjected to the auditing procedures applied in the audits of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introduction letter on pages 1 through 5 have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on them.

Eide Bailly LLP

Oklahoma City, Oklahoma
March 31, 2009

As Management of the City of Shawnee, we offer readers this narrative overview and analysis of the financial activities of the City of Shawnee for the fiscal year ended June 30, 2008, with restated comparative information for the fiscal year ended June 30, 2007. Details for the 2007 restatement are found later in this document. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased by \$3.47 million and the assets of the City continued to exceed its liabilities at June 30, 2008, by \$64.22 million (net assets). Of the \$64.22 million in net assets, \$50.27 million is invested in capital assets, net of accumulated depreciation and related debt. Another \$13.46 million is restricted for capital projects, debt service, and public safety.
- The remaining unrestricted net assets of \$493,280 may be used to meet the City's ongoing obligations to citizens and creditors.
- At June 30, 2008, the City's governmental funds reported combined ending fund balances of \$15.78 million. Of this amount, unreserved fund balance of \$4.01 million is available for spending at the City's discretion.
- At the end of fiscal year 2008, unreserved fund balance for the General Fund was \$4.01 million or 25 percent of General Fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Shawnee (City), the Shawnee Municipal Authority (SMA), Shawnee Airport Authority (SAA) and one discretely presented component unit. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type, along with the discretely presented component unit, the Shawnee Civic and Cultural Authority (SCCDA or Expo).

The governmental-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt).

Reporting the City as a Whole - Statement of Net Assets and Statement of Activities

This discussion and analysis is intended to serve as an introduction to the City of Shawnee's basic financial statements. The Statement of Net Assets and the Statement of Activities (on pages 20 and 21, respectively) report information about the City as a whole and about its activities in a way that helps answer financial questions. These statements include all assets and liabilities using the accrual

basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in net assets from the prior year. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other non-financial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health of the City.

The Statement of Net Assets and the Statement of Activities are divided into three types of activities:

- **Governmental activities** - Most of the City's basic services are reported here, including the public safety, street improvements, community planning and development, civic and cultural activities, and economic development. Sales and use taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** - The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer, sanitation, and airport services are reported here. The Shawnee Municipal Authority and the Shawnee Airport Authority are enterprise funds and are blended component units of the City.
- **Discretely presented component unit** - This component unit, the Shawnee Civic and Cultural Development Authority, accounts for activities of the City's reporting entity that do not meet the criteria for blending.

Reporting the City's Most Significant Funds - Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. The City of Shawnee, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of Shawnee can be divided into two categories: governmental funds and proprietary funds.

Governmental fund - Most of the City's basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. These funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following the Governmental Fund financial statements.

Proprietary funds - When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. *Enterprise funds* are one type of proprietary funds and are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City has two enterprise funds -- the Shawnee Municipal Authority and the Shawnee Airport Authority -- to account for its water, sewer, sanitation, and airport operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Internal service funds are another type of proprietary fund used to account for services provided to other departments on a cost reimbursement basis. The City has one internal service fund – the Self-Insured Workers' Compensation Fund -- to account for its workers' compensation costs. The revenues and expenditures reported in this internal service fund are included with governmental activities at the government-wide level of reporting.

Notes to the Financial Statements

The Notes to the Financial Statements on pages 29-53 provide additional information that is essential to gain understanding of the data provided in the government-wide and fund financial statements.

Other Information

The Required Supplementary Information (RSI) section reports the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – and the related Notes to the Required Supplementary Information on Budgetary Accounting and Control for the fiscal year ended June 30, 2008. Also reported here is the City's Defined Benefit Pension Plan Funding Schedules at June 30, 2008.

Other Supplementary Information (SI) is provided on pages 63 through 92. The General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – for the year ended June 30, 2007 is provided to facilitate comparisons between fiscal years 2006-2007 and 2007-2008. Also reported as supplementary information are comparative schedules of revenues, expenditures and changes in fund balances - budget and actual - for the years ended June 30, 2008 and 2007 for each fund maintained by the City.

THE CITY AS A WHOLE

For the year ended June 30, 2008, net assets for the governmental activities and business-type activities increased \$3.47 million. The results indicate the City, as a whole, improved its financial condition from the prior year.

City of Shawnee's Net Assets
(in Thousands)

	Governmental Activities	Business-type Activities	Total
Beginning net assets, restated	\$ 31,882	\$ 28,870	\$ 60,752
Increase	2,915	555	3,470
Ending net assets	\$ 34,797	\$ 29,425	\$ 64,222

Following is a summary of net assets for the City of Shawnee as of June 30, 2008 and June 30, 2007:

TABLE 1
NET ASSETS (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2008	Restated 2007		2008	2007		2008	Restated 2007	
Current and other assets	\$ 18,573	\$ 16,048	16%	\$ 3,765	\$ 6,768	-44%	\$ 22,338	\$ 22,816	-2%
Capital assets, net	24,633	23,350	5%	47,291	45,958	3%	71,924	69,308	4%
Total assets	43,206	39,398	10%	51,056	52,726	-3%	94,262	92,124	2%
Current and other liabilities	3,571	2,814	27%	2,962	2,930	1%	6,533	5,744	14%
Non-current liabilities	4,838	4,701	3%	18,669	20,926	-11%	23,507	25,627	-8%
Total liabilities	8,409	7,515	12%	21,631	23,856	-9%	30,040	31,371	-4%
Net assets									
Invested in capital assets, net of related debt	24,405	22,941	6%	25,864	24,704	5%	50,269	47,645	6%
Restricted	11,148	9,207	21%	2,312	2,609	-11%	13,460	11,816	14%
Unrestricted	(756)	(265)	185%	1,249	1,557	-20%	493	1,292	-62%
Total net assets	\$ 34,797	\$ 31,883	9%	\$ 29,425	\$ 28,870	2%	\$ 64,222	\$ 60,753	6%

As shown in Table 1 above, the largest portion of the City's net assets reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. This year the investment in capital assets, net of related debt, amounted to \$50.27 million. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net assets, \$13.46 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$493,280, may be used to meet the government's ongoing obligations to citizens and creditors. While the total unrestricted net assets are a positive amount, the governmental unrestricted net assets have a deficit balance of \$755,666 (a decline of \$491,000) primarily due to an increase in workers' compensation claims liability of \$826,000.

Changes in Net Assets:

Table 2 (shown on the next page) summarizes the City's changes in net assets for fiscal year 2006-2007 compared to fiscal year 2007-2008.

Fiscal year 2007-2008 governmental and business-type activities increased the City's net assets by \$3.47 million compared to an increase of \$2.87 million for the previous fiscal year. Fiscal year 2007-2008 tax revenues totaled \$18.66 million compared to \$17.63 million for fiscal year 2006-2007. Operating grants and contributions totaled \$2.74 million for the current fiscal year compared to \$2.26 million for the previous fiscal year.

The City's cost of providing public safety services increased \$1.75 million from \$11.10 million to \$12.85 million. The cost of providing water, wastewater and sanitation services increased \$269,000 from \$7.28 million to \$7.55 million.

TABLE 2
CHANGES IN NET ASSETS (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2008	Restated 2007		2008	Restated 2007		2008	Restated 2007	
Revenues									
Program revenues:									
Charges for service	\$ 883	\$ 833	6%	\$ 8,267	\$ 8,285	0%	\$ 9,150	\$ 9,118	0%
Operating grants and contributions	2,742	2,255	22%	36	-	100%	2,778	2,255	23%
Capital grants and contributions	1,489	154	867%	416	-	100%	1,905	154	1137%
General revenues:									
Taxes	18,659	17,627	6%	-	-	0%	18,659	17,627	6%
Intergovernmental revenue	314	297	6%	-	-	0%	314	297	6%
Investment income	544	566	-4%	188	235	-20%	732	801	-9%
Miscellaneous	378	344	10%	237	339	-30%	615	683	-10%
Total revenues	25,009	22,076	13%	9,144	8,859	3%	34,153	30,935	10%
Expenses									
General government	3,440	3,441	0%	-	-	-	3,440	3,441	0%
Public safety	12,854	11,097	16%	-	-	-	12,854	11,097	16%
Public works	2,842	2,513	13%	-	-	-	2,842	2,513	13%
Culture and recreation	883	823	7%	-	-	-	883	823	7%
Culture - payment to component unit	600	385	56%	-	-	-	600	385	56%
Community development	750	889	-16%	-	-	-	750	889	-16%
Economic development	592	513	15%	-	-	-	592	513	15%
Interest on long-term debt	17	25	-32%	-	-	-	17	25	-32%
Administration	-	-	-	289	280	3%	289	280	3%
Water	-	-	-	4,030	4,007	1%	4,030	4,007	1%
Wastewater	-	-	-	2,165	2,008	8%	2,165	2,008	8%
Airport	-	-	-	800	769	4%	800	769	4%
Lake	-	-	-	63	49	29%	63	49	29%
Sanitation	-	-	-	1,358	1,269	7%	1,358	1,269	7%
Total expenses	21,978	19,686	12%	8,705	8,382	4%	30,683	28,068	9%
Excess (deficiency) before transfers	3,031	2,390	27%	439	477	-8%	3,470	2,867	21%
Transfers	(116)	(134)	-13%	116	134	13%	-	-	-
Increase in net assets	\$ 2,915	\$ 2,256	29%	\$ 555	\$ 611	-9%	\$ 3,470	\$ 2,867	21%

Governmental Activities

The City's governmental activities (as shown in Table 2 above) increased net assets by \$2.91 million representing a 9.1 % increase in net assets. Explanations for this increase are given for individual items with significant changes as follows:

Operating grants – Increase of \$487,000 resulting mainly from \$700,000 of FEMA grants related to several natural disasters for FY06-07 and FY07-08, including drought, fire, 2006 ice storm, 2007 ice storm, and flooding.

Capital grants – Increase of \$1.3 million resulting from a \$275,000 donated fire truck, a \$550,000 street grant from the Sac and Fox Nation, and \$584,000 in infrastructure dedicated to the City by developers.

Business-type Activities

The business-type activities' increase in net assets of approximately \$555,000 represents a 1.9 percent positive increase in net assets. Capital grants increased by \$416,000 resulting from infrastructure dedicated to the City by developers, while sanitation net revenue increased by \$210,000 resulting mainly from annual rate increases for sanitation services.

TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2008	Restated		2008	Restated	
		2007			2007	
General government	\$3,440	\$3,441	0%	(\$3,230)	(\$2,929)	10%
Public safety	12,854	11,097	16%	(10,903)	(9,105)	20%
Public works	2,842	2,513	13%	(717)	(2,513)	-71%
Culture and recreation	883	823	7%	(705)	(823)	-14%
Culture - Payment to component unit	600	385	56%	(599)	(385)	56%
Community development	750	889	-16%	(126)	(151)	-17%
Economic development	592	513	15%	(566)	(513)	10%
Interest on long-term debt	17	25	-32%	(17)	(25)	-32%
Total	\$21,978	\$19,686	12%	(\$16,863)	(\$16,444)	3%

Tables 3 and 4 summarize the total cost of providing services from governmental activities and business-type activities for fiscal years 2006-2007 and 2007-2008. Total costs of services provided by governmental activities totaled \$21.98 million for fiscal year 2007-2008 compared to \$19.69 million for the previous year. Total costs of services provided by business-type activities totaled \$8.70 million for fiscal year 2007-2008 compared to \$8.38 million for the previous year.

TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2008	Restated		2008	Restated	
		2007			2007	
Administration	\$289	\$280	3%	(\$289)	(\$280)	3%
Water	4,030	4,007	1%	253	359	-30%
Wastewater	2,165	2,008	8%	323	312	4%
Airport	800	769	4%	(311)	(329)	-5%
Lake	63	49	29%	(62)	(49)	27%
Sanitation	1,358	1,269	7%	100	(110)	-191%
Total	\$8,705	\$8,382	4%	\$14	(\$97)	-114%

MANAGEMENT'S DISCUSSION & ANALYSIS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2008

The following represents the detail for the restatements of FY06-07 for comparative purposes:

RECONCILIATION OF RESTATED 2007 CHANGES IN NET ASSETS (In Thousands)												
Original 2007	Internal Service Fund Transfers	Divide Airport and Lake	Internal Service Fund Net Income	Allocate Depr Expense	State Pension On-Behalf Payments	Allocate Amort and Interest Expense	Add/ Reclass and SCCDA Trans	Reclass Cigarette and Alcohol Beverage Tax	Reclass E-911 and Hotel/ Motel Tax	Reclass BTA Revenue	Restated 2007	
Governmental Activities:												
Revenues												
Program revenues:												
Charges for service	\$ 1,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (467)	\$ -	\$ 833	
Operating grants and contributions	907	-	-	-	1,348	-	-	-	-	-	2,255	
Capital grants and contributions	154	-	-	-	-	-	-	-	-	-	154	
General revenues:												
Taxes	17,457	-	-	-	-	-	-	(297)	467	-	17,627	
Intergovernmental revenue	-	-	-	-	-	-	-	297	-	-	297	
Investment income	566	-	-	-	-	-	-	-	-	-	566	
Miscellaneous	344	-	-	-	-	-	-	-	-	-	344	
Total revenues	20,728	-	-	-	1,348	-	-	-	-	-	22,076	
Expenses												
General government	4,636	79	-	13	(1,287)	-	-	-	-	-	3,441	
Public safety	8,965	318	-	51	415	1,348	-	-	-	-	11,097	
Public works	1,729	40	-	7	737	-	-	-	-	-	2,513	
Culture and recreation	1,214	13	-	2	94	-	(500)	-	-	-	823	
Culture - payment to component unit	-	-	-	-	-	-	385	-	-	-	385	
Community development	848	-	-	-	41	-	-	-	-	-	889	
Economic development	513	-	-	-	-	-	-	-	-	-	513	
Interest on long-term debt	25	-	-	-	-	-	-	-	-	-	25	
Total expenses	17,930	450	-	73	-	1,348	-	(115)	-	-	19,686	
Excess (deficiency) before transfers	2,798	(450)	-	(73)	-	-	115	-	-	-	2,390	
Transfers	(584)	450	-	-	-	-	-	-	-	-	(134)	
Increase in net assets	\$ 2,214	\$ -	\$ -	\$ (73)	\$ -	\$ -	\$ 115	\$ -	\$ -	\$ -	\$ 2,256	
Business-Type Activities:												
Revenues												
Program revenues:												
Charges for service	\$ 7,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 480	\$ 8,285	
General revenues:												
Taxes	819	-	-	-	-	-	-	-	-	(819)	-	
Investment income	235	-	-	-	-	-	-	-	-	-	235	
Miscellaneous	-	-	-	-	-	-	-	-	-	339	339	
Total revenues	8,859	-	-	-	-	-	-	-	-	-	8,859	
Expenses												
Interest on long-term debt	945	-	-	-	-	(945)	-	-	-	-	-	
Administration	267	8	-	1	4	-	-	-	-	-	280	
Water	2,563	32	-	4	442	-	966	-	-	-	4,007	
Wastewater	1,429	39	-	5	535	-	-	-	-	-	2,008	
Airport and Lake	453	-	(453)	-	-	-	-	-	-	-	-	
Airport	-	-	422	-	347	-	-	-	-	-	769	
Lake	-	2	31	1	15	-	-	-	-	-	49	
Sanitation	1,095	19	-	3	152	-	-	-	-	-	1,269	
Depreciation	1,516	-	-	-	(1,495)	-	(21)	-	-	-	-	
Total expenses	8,268	100	-	14	-	-	-	-	-	-	8,382	
Excess (deficiency) before transfers	591	(100)	-	(14)	-	-	-	-	-	-	477	
Transfers	34	100	-	-	-	-	-	-	-	-	134	
Increase in net assets	\$ 625	\$ -	\$ -	\$ (14)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 611	

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2008 fiscal year, the governmental funds reported a combined fund balance of \$15.78 million. The enterprise funds reported combined net assets of \$29.43 million. The fund balance reservations and net asset restrictions are listed below:

Governmental Funds:

Fund Balance Reservations:

Encumbrances	\$ 5,649,982	
Capital projects	4,540,294	
Debt service	136,323	
Special Revenue Funds	<u>1,445,793</u>	
Total governmental fund balance reservations		<u>\$11,772,392</u>

Proprietary Funds:

Net Asset Restrictions:

Invested in capital assets, net of related debt	\$ 25,863,941	
Debt service	<u>2,312,744</u>	
Total proprietary fund net asset restrictions		<u>\$ 28,176,685</u>

Other Fund Highlights Include:

- For the year ended June 30, 2008, the General Fund's total fund balance increased by \$480,620 or 13.5 percent.
- General fund fire departments total expenditures include \$628,589 and police departments total expenditures include \$282,556 for pension payments made on behalf of the City by the State. The total amount of \$911,145 has been included as revenue and expenditures of the City for the year ended June 30, 2008. These amounts were not included in the final budget for FY 2007-2008. Financial statement information for the year ended June 30, 2007 has been restated to include that year's pension payments made on behalf of the City by the State.
- All general fund departments include \$450,000 in workers' compensation "premiums" (allocations of workers' compensation expenditures from the Workers' Compensation Internal Service Fund) which were originally budgeted as a transfer out. See the budgetary comparison schedule and notes to the budgetary comparison schedule for more details.
- The Street Improvement Fund's total fund balance increased by \$1.82 million because some large street improvement projects were not completed at June 30, 2008 but were completed soon after the end of the fiscal year.
- The Shawnee Municipal Authority reported a net income of \$457,322 before contributed capital, transfers in, and transfers out. SMA expenses include \$100,000 of workers' compensation "premiums" (allocations of workers' compensation expenditures from the Worker's Compensation Internal Service Fund) which were originally budgeted as a transfer out.

General Fund Budgetary Highlights

FY07-08 General Fund revenues of \$15.99 million were \$1.28 million over budgeted revenues of \$14.71 million. This resulted from the State of Oklahoma's on-behalf police and firefighter pension payments of \$911,145 and the FEMA disaster relief of \$557,350. Without these two items, actual General Fund revenues would have been \$190,853 below budgeted revenues.

FY07-08 General Fund budgeted expenditures were \$15.81 million compared to actual expenditures of \$17.13 million. The \$1.32 million excess expenditures over budget were made up of the State of Oklahoma's on-behalf police and firefighter pension payments of \$911,145; \$450,000 in workers' compensation expenses that were originally budgeted as transfers out; and the \$600,00 payment to the SCCDA. Without those three items, actual General Fund expenditures would have been \$640,632 below budgeted expenditures.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2008, the City had \$70.23 million invested in capital assets including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges, net of accumulated depreciation. This represents a net increase of \$924,000 from last year.

Below are details regarding the change in the City's capital assets for the year ending June 30, 2008.¹

TABLE 5
Primary Government Capital Assets
(In Thousands)
(Net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2008	Restated 2007	2008	2007	2008	Restated 2007
Land	\$2,262	\$2,262	\$1,482	\$1,482	\$3,744	\$3,744
Buildings and improvements	3,493	3,668	2,794	3,094	6,287	6,762
Machinery, furniture and equipment	4,246	3,888	894	958	5,140	4,846
Infrastructure	13,981	13,072	27,075	27,104	41,056	40,176
Intangible water rights	-	-	12,968	12,968	12,968	12,968
Construction in progress	651	460	387	353	1,038	813
Totals	\$24,633	\$23,350	\$45,600	\$45,959	\$70,233	\$69,309

¹ For more detailed information on capital asset activity please refer to page 38, Note 3.D. Capital Assets

This year's more significant capital asset additions include various water, wastewater and street improvement projects as well as upgrades to various city buildings including the municipal auditorium, the purchase of a new tractor with brush hog unit, a terragator for the Utilities Department, a Trimble unit for Emergency Management, several new police units, and a use-of-force simulator for the Police Department.

Debt Administration

At year-end, the City had \$27.42 million in long-term debt outstanding, which represents a \$558,000 decrease from the prior year. The City issued no new debt for the year ended June 30, 2008. These debts are further detailed below as follows: ²

TABLE 6
Primary Government Long-Term Debt
(In Thousands of Dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2007-2008
	Restated				Restated		
	2008	2007	2008	2007	2008	2007	
Accrued absences	\$1,533	\$1,364	\$271	\$267	\$1,804	\$1,631	10.6%
General obligation bonds	100	200	-	-	100	200	50.0%
Claims and judgments liability	4,806	3,998	-	-	4,806	3,998	20.2%
Notes payable	-	-	20,580	21,938	20,580	21,938	-6.2%
Capital leases	128	209	-	-	128	209	-38.8%
Totals	\$6,567	\$5,771	\$20,851	\$22,205	\$27,418	\$27,976	-2.0%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic conditions are stable for the City of Shawnee. The tribal gaming industry is a major industry and a major employer for the area. The Interstate-40 corridor sees continued growth with several new restaurants, hotels and other retail establishments. Sales tax revenues are on target compared to the FY2009 budget so far this year.

Total FY2009 General Fund revenues are estimated at \$16.0 million, including \$1.5 million in transfers from other funds. The overall decrease in anticipated General Fund revenues is approximately \$100,000 under the FY2008 budgeted revenues of \$16.1 million. Sales and use tax collections, representing approximately 70% of the total General Fund revenues, are projected to increase at a rate of roughly 2.6% above FY2008 actual sales tax revenues of \$10,395,473.

Total FY2009 Shawnee Municipal Authority utility revenues are projected at \$8.9 million. The Shawnee Municipal Authority utility revenues are anticipated to increase approximately \$800,000 overall or 9 percent above FY2008 actual revenues of \$8.1 million.

² For more detailed information on long-term debt activity please refer to page 40, Note 3.E. Long-Term Debt

This year's more significant capital asset additions include various water, wastewater and street improvement projects as well as upgrades to various city buildings including the municipal auditorium, the purchase of a new tractor with brush hog unit, a terragator for the Utilities Department, a Trimble unit for Emergency Management, several new police units, and a use-of-force simulator for the Police Department.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office at 16 W 9th, Shawnee, Oklahoma or phone at (405) 878-1601.

BASIC FINANCIAL STATEMENTS

City of Shawnee, Oklahoma
Statement of Net Assets
June 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Civic & Cultural Development Authority
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,700,847	\$ 1,262,328	\$ 7,963,175	\$ 307,135
Investments	5,705,230	640,593	6,345,823	-
Restricted cash and cash equivalents	-	1,930,368	1,930,368	-
Receivables, net of allowance for uncollectibles:				
Accounts	11,470	1,225,945	1,237,415	3,344
Taxes	2,222,341	-	2,222,341	-
Accrued interest	60,958	11,484	72,442	-
Assessments	-	26,965	26,965	-
Court Fines	92,670	-	92,670	-
Due from other governments	1,162,912	-	1,162,912	-
Due from component unit	-	184,634	184,634	-
Primary government	-	-	-	23,605
Other	825,963	11,892	837,855	-
Inventory	-	70,783	70,783	-
Prepaid items	187,897	3,296	191,193	-
Internal balances	1,602,810	(1,602,810)	-	-
Total current assets	18,573,098	3,765,478	22,338,576	334,084
Noncurrent assets:				
Receivables:				
Deferred assessments	-	96,589	96,589	-
Restricted assets:				
Cash and cash equivalents	-	166,721	166,721	-
Investments	-	1,232,408	1,232,408	-
Capital assets:				
Nondepreciable	2,912,748	14,836,593	17,749,341	94,493
Depreciable, net	21,719,917	30,762,965	52,482,882	4,956,783
Debt issuance costs, net of accumulated amortization	-	195,768	195,768	-
Total noncurrent assets	24,632,665	47,291,044	71,923,709	5,051,276
Total assets	43,205,763	51,056,522	94,262,285	5,385,360
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,116,988	353,495	1,470,483	22,495
Accrued interest payable	-	377,711	377,711	4,733
Customer deposits	-	642,596	642,596	19,265
Current portion of long-term obligations:				
General obligation bonds	100,000	-	100,000	-
Notes payable	-	1,409,548	1,409,548	-
Capital lease obligation	84,563	-	84,563	-
Accrued compensated absences	883,980	178,110	1,062,090	-
Due to primary government	-	-	-	47,908
Unearned revenue	618,151	-	618,151	-
Short term claims	767,637	-	767,637	-
Total current liabilities	3,571,319	2,961,460	6,532,779	94,401
Noncurrent liabilities:				
Notes payable, net	-	18,521,837	18,521,837	-
Capital lease obligation	43,509	-	43,509	-
Net pension obligation	106,197	54,583	160,780	-
Accrued compensated absences	648,966	93,011	741,977	-
Due to primary government	-	-	-	184,634
Long-term claims	4,038,797	-	4,038,797	-
Other long-term liabilities	-	-	-	-
Total noncurrent liabilities	4,837,469	18,669,431	23,506,900	184,634
Total liabilities	8,408,788	21,630,891	30,039,679	279,035
NET ASSETS				
Invested in capital assets, net of related debt	24,404,593	25,863,941	50,268,534	4,818,734
Restricted for:				
Capital projects	10,172,082	-	10,172,082	-
Debt service	137,961	2,312,744	2,450,705	-
Public safety	284,630	-	284,630	-
Other	553,375	-	553,375	-
Unrestricted	(755,666)	1,248,946	493,280	287,591
Total net assets	\$ 34,796,975	\$ 29,425,631	\$ 64,222,606	\$ 5,106,325

The accompanying notes are an integral part of these financial statements.

City of Shawnee, Oklahoma
Statement of Activities
Year Ended June 30, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets - Primary			Civic & Cultural Component Unit Civic & Cultural Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government		Total	
					Governmental Activities	Business-Type Activities		
Governmental activities:								
General government	\$ (3,439,459)	\$ 209,397	\$ -	\$ -	\$ (3,230,062)		\$ (3,230,062)	
Public safety	(12,853,792)	581,769	1,049,787	319,662	(10,902,574)		(10,902,574)	
Public works	(2,842,429)	1,425	954,600	1,169,184	(717,220)		(717,220)	
Culture and recreation	(883,415)	50,894	127,148	-	(705,373)		(705,373)	
Culture - Payment to component unit	(599,194)	-	-	-	(599,194)		(599,194)	
Community development	(749,538)	13,062	610,206	-	(126,270)		(126,270)	
Economic development	(592,707)	26,438	-	-	(566,269)		(566,269)	
Interest on long-term debt	(16,720)	-	-	-	(16,720)		(16,720)	
Total governmental activities	<u>(21,977,254)</u>	<u>882,985</u>	<u>2,741,741</u>	<u>1,488,846</u>	<u>(16,863,682)</u>		<u>(16,863,682)</u>	
Business-type activities:								
Administration	(288,680)	-	-	-		(288,680)	(288,680)	
Water	(4,030,444)	4,046,028	-	237,227		252,811	252,811	
Wastewater	(2,165,325)	2,310,330	-	178,288		323,293	323,293	
Airport	(799,978)	452,481	36,359	-		(311,138)	(311,138)	
Lake	(62,568)	-	-	-		(62,568)	(62,568)	
Sanitation	(1,358,474)	1,458,525	-	-		100,051	100,051	
Total business-type activities	<u>(8,705,469)</u>	<u>8,267,364</u>	<u>36,359</u>	<u>415,515</u>		<u>13,769</u>	<u>13,769</u>	
Total government	<u>\$ (30,682,723)</u>	<u>\$ 9,150,349</u>	<u>\$ 2,778,100</u>	<u>\$ 1,904,361</u>		<u>(16,849,913)</u>		
COMPONENT UNIT								
Civic & Cultural Development Authority	\$ (1,833,176)	\$ 1,021,373	\$ 549,684	\$ -				\$ (262,119)
Total component units	<u>\$ (1,833,176)</u>	<u>\$ 1,021,373</u>	<u>\$ 549,684</u>	<u>\$ -</u>				<u>\$ (262,119)</u>
General revenues:								
Taxes:								
Sales and use					16,386,142	-	16,386,142	-
Franchise					1,505,547	-	1,505,547	-
Other					131,128	-	131,128	-
Hotel/motel taxes					416,212	-	416,212	-
Payment in lieu of taxes					21,924	-	21,924	-
Property taxes					198,557	-	198,557	-
Intergovernmental revenues not restricted to specific programs					313,654	-	313,654	-
Transfers					(116,253)	116,253	-	-
Interest income					543,683	187,924	731,607	3,597
Miscellaneous					377,960	237,407	615,367	-
Total general revenues and transfers					<u>19,778,554</u>	<u>541,584</u>	<u>20,320,138</u>	<u>3,597</u>
Change in net assets					<u>2,914,872</u>	<u>555,353</u>	<u>3,470,225</u>	<u>(258,522)</u>
NET ASSETS, beginning, as restated					31,882,103	28,870,278	60,752,381	5,364,847
NET ASSETS, ending					<u>\$ 34,796,975</u>	<u>\$ 29,425,631</u>	<u>\$ 64,222,606</u>	<u>\$ 5,106,325</u>

The accompanying notes are an integral part of these financial statements.

City of Shawnee, Oklahoma
Balance Sheet - Governmental Funds
June 30, 2008

	General	Capital Improvement Fund	Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 418,235	\$ 1,918,170	\$ 2,318,266	\$ 1,587,602	\$ 6,242,273
Investments	653,543	237,655	4,775,059	38,973	5,705,230
Receivables:					
Accounts, net of allowance for uncollectibles	11,470	-	-	-	11,470
Taxes	1,553,905	259,019	292,441	116,976	2,222,341
Accrued interest	7,020	2,788	48,222	-	58,030
Court Fines	92,670	-	-	-	92,670
Due from other governments	569,382	43,530	550,000	-	1,162,912
Other	93,363	-	-	731,735	825,098
Prepaid items	160,527	27,370	-	-	187,897
Due from other funds	1,353,946	65,000	-	-	1,418,946
Total assets	4,914,061	2,553,532	7,983,988	2,475,286	17,926,867
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	572,427	215,849	225,741	98,299	1,112,316
Due to other funds	273,383	-	-	98,930	372,313
Deferred revenue	40,519	-	-	619,789	660,308
Total liabilities	886,329	215,849	225,741	817,018	2,144,937
Fund balances:					
Reserved for:					
Encumbrances	18,194	298,296	5,333,492	-	5,649,982
Unreserved:					
Undesignated	4,009,538	-	-	-	4,009,538
Undesignated, reported in nonmajor:					
Capital projects	-	2,039,387	2,424,755	76,152	4,540,294
Debt service	-	-	-	136,323	136,323
Special revenue funds	-	-	-	1,445,793	1,445,793
Total fund balances	4,027,732	2,337,683	7,758,247	1,658,268	15,781,930
Total liabilities and fund balances	\$ 4,914,061	\$ 2,553,532	\$ 7,983,988	\$ 2,475,286	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$29,444,432					
					24,632,665
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:					
Taxes receivable					1,638
Fines receivable					40,519
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:					
General obligation bonds					(100,000)
Capital lease obligations					(128,072)
Net pension obligation					(106,197)
Accrued compensated absences					(1,532,946)
Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance, to individual funds. The assets and liabilities of the internal service fund are reported in governmental activities:					
Internal service fund net assets					(3,792,562)
NET ASSETS OF GOVERNMENTAL ACTIVITIES					\$ 34,796,975

The accompanying notes are an integral part of these financial statements.

City of Shawnee, Oklahoma
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2008

	General	Capital Improvement Fund	Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 12,724,513	\$ 2,014,123	\$ 2,274,010	\$ 1,884,486	\$ 18,897,132
Licenses and permits	267,298	-	-	18,675	285,973
Intergovernmental	2,055,397	79,768	550,000	463,806	3,148,971
Fines and forfeitures	514,140	-	-	1,463	515,603
Charges for services	219,984	-	-	4,232	224,216
Interest	74,765	109,497	305,904	53,519	543,685
Miscellaneous	151,763	19,000	-	320,815	491,578
Total revenues	<u>16,007,860</u>	<u>2,222,388</u>	<u>3,129,914</u>	<u>2,746,996</u>	<u>24,107,158</u>
EXPENDITURES					
General government	2,652,676	-	-	2,283	2,654,959
Engineering	303,043	-	-	-	303,043
Equipment and building maintenance	413,776	-	-	-	413,776
Culture and recreation	741,309	-	-	142,029	883,338
Animal Control/Emergency 911	697,149	-	-	56,119	753,268
Cemetery	193,222	-	-	914	194,136
Police	5,140,891	-	-	3,330	5,144,221
Fire	4,456,027	-	-	-	4,456,027
Municipal Court	286,991	-	-	-	286,991
Emergency management	799,218	-	-	-	799,218
Library	-	-	-	36,134	36,134
Streets	937,554	-	-	265,594	1,203,148
Parks and recreation	505,800	-	-	-	505,800
Economic development	-	-	-	1,143,644	1,143,644
Debt service:					
Bond principal	-	81,429	-	100,000	181,429
Interest	-	6,820	-	9,900	16,720
Capital outlay	-	1,440,212	1,175,268	39,036	2,654,516
Total expenditures	<u>17,127,656</u>	<u>1,528,461</u>	<u>1,175,268</u>	<u>1,798,983</u>	<u>21,630,368</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,119,796)</u>	<u>693,927</u>	<u>1,954,646</u>	<u>948,013</u>	<u>2,476,790</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,649,416	10,000	30,000	205,453	1,894,869
Transfers out	(49,000)	(839,105)	(167,500)	(805,416)	(1,861,021)
Total other financing sources (uses)	<u>1,600,416</u>	<u>(829,105)</u>	<u>(137,500)</u>	<u>(599,963)</u>	<u>33,848</u>
Net change in fund balances	480,620	(135,178)	1,817,146	348,050	2,510,638
FUND BALANCES, beginning, as restated	<u>3,547,112</u>	<u>2,472,861</u>	<u>5,941,101</u>	<u>1,310,218</u>	<u>13,271,292</u>
FUND BALANCES, ending	<u>\$ 4,027,732</u>	<u>\$ 2,337,683</u>	<u>\$ 7,758,247</u>	<u>\$ 1,658,268</u>	<u>\$ 15,781,930</u>

The accompanying notes are an integral part of these financial statements.

City of Shawnee, Oklahoma
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2008

Net change in fund balances - total governmental funds	\$	2,510,638
Adjustments for the statement of activities:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives as a depreciation expense. Also, capital assets disposed and donated do not result from financial transactions and are, therefore, not recognized as expenses and revenue in the funds.</p>		
Capital outlay expenditures		2,081,531
Capital asset disposed		(25,180)
Donated capital assets		859,078
Depreciation expense		<u>(1,632,772)</u>
		<u>1,282,657</u>
<p>The issuance of long-term debt provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes the current financial resources of governmental funds. While changes in long-term debt liabilities for claims and judgments payable, accrued compensated absences, and net pension obligation do not use current funds.</p>		
Principal payments on capital lease obligations		81,430
Principal payments on general obligation bonds		100,000
Increase in net pension obligation		(106,197)
Increase in accrued compensated absences		<u>(169,382)</u>
		<u>(94,149)</u>
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Deferred revenue		<u>42,157</u>
<p>Internal service fund activity is reported as a proprietary fund in fund financial statements, but certain net revenues are reported in governmental activities on the Statement of Activities:</p>		
Total change in net assets for internal service funds		<u>(826,431)</u>
Change in net assets of governmental activities	\$	<u><u>2,914,872</u></u>

The accompanying notes are an integral part of these financial statements

City of Shawnee, Oklahoma
Statement of Net Assets - Proprietary Funds
June 30, 2008

	Business-Type Activities - Enterprise Funds			Governmental
	Shawnee Municipal Authority	Shawnee Airport Authority	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 949,493	\$ 312,835	\$ 1,262,328	\$ 458,574
Investments	640,593	-	640,593	-
Restricted cash and cash equivalents	1,930,368	-	1,930,368	-
Receivables				
Accounts, net of allowance for uncollectibles	1,216,664	9,281	1,225,945	-
Accrued interest	11,484	-	11,484	2,928
Assessments	26,965	-	26,965	-
Other	11,892	-	11,892	865
Due from other funds	-	-	-	556,177
Due from component unit	184,634	-	184,634	-
Inventory	-	70,783	70,783	-
Prepaid expenses	3,296	-	3,296	-
Total current assets	<u>4,975,389</u>	<u>392,899</u>	<u>5,368,288</u>	<u>1,018,544</u>
Noncurrent assets:				
Receivables:				
Deferred assessments	96,589	-	96,589	-
Restricted assets:				
Cash and cash equivalents	166,721	-	166,721	-
Investments	1,232,408	-	1,232,408	-
Capital assets:				
Nondepreciable	13,913,847	922,746	14,836,593	-
Depreciable, net	28,340,722	2,422,243	30,762,965	-
Debt issuance costs, net of accumulated amortization	195,768	-	195,768	-
Total noncurrent assets	<u>43,946,055</u>	<u>3,344,989</u>	<u>47,291,044</u>	<u>-</u>
Total assets	<u>48,921,444</u>	<u>3,737,888</u>	<u>52,659,332</u>	<u>1,018,544</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	252,941	100,554	353,495	4,672
Accrued interest payable	377,711	-	377,711	-
Due to other funds	1,537,810	65,000	1,602,810	-
Customer deposits	639,042	3,554	642,596	-
Short term claims	-	-	-	767,637
Current portion of long-term obligations:				
Notes payable	1,409,548	-	1,409,548	-
Accrued compensated absences	168,194	9,916	178,110	-
Total current liabilities	<u>4,385,246</u>	<u>179,024</u>	<u>4,564,270</u>	<u>772,309</u>
Noncurrent liabilities:				
Notes payable, net	18,521,837	-	18,521,837	-
Pension benefit obligation	50,481	4,102	54,583	-
Accrued compensated absences	85,981	7,030	93,011	-
Long-term claims	-	-	-	4,038,797
Total noncurrent liabilities	<u>18,658,299</u>	<u>11,132</u>	<u>18,669,431</u>	<u>4,038,797</u>
Total liabilities	<u>23,043,545</u>	<u>190,156</u>	<u>23,233,701</u>	<u>4,811,106</u>
NET ASSETS				
Invested in capital assets, net of related debt	22,518,952	3,344,989	25,863,941	-
Restricted:				
Debt service	2,312,744	-	2,312,744	-
Unrestricted	1,046,203	202,743	1,248,946	(3,792,562)
Total net assets	<u>\$ 25,877,899</u>	<u>\$ 3,547,732</u>	<u>\$ 29,425,631</u>	<u>\$ (3,792,562)</u>

The accompanying notes are an integral part of these financial statements.

City of Shawnee, Oklahoma
Statement of Revenues, Expenses, and Changes in
Fund Net Assets - Proprietary Funds
Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds			Governmental
	Shawnee Municipal Authority	Shawnee Airport Authority	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services:				
Water	\$ 3,856,243	\$ -	\$ 3,856,243	\$ -
Wastewater	2,250,134	-	2,250,134	-
Sanitation	1,458,525	-	1,458,525	-
Other	225,548	-	225,548	550,000
Penalties/late charges	162,610	-	162,610	-
Miscellaneous	87,371	23,133	110,504	-
Rental	11,875	232,502	244,377	-
Fuel sales	-	196,846	196,846	-
Intergovernmental	-	36,359	36,359	-
Total operating revenues	<u>8,052,306</u>	<u>488,840</u>	<u>8,541,146</u>	<u>550,000</u>
OPERATING EXPENSES				
General and administration	278,707	-	278,707	-
Lake operations	43,289	-	43,289	-
Water	2,569,895	-	2,569,895	-
Wastewater	1,527,267	-	1,527,267	-
Sanitation	1,166,576	-	1,166,576	-
Airport	-	439,052	439,052	-
Claims expense	-	-	-	1,395,443
Depreciation and amortization	1,283,625	360,942	1,644,567	-
Total operating expenses	<u>6,869,359</u>	<u>799,994</u>	<u>7,669,353</u>	<u>1,395,443</u>
Net operating income (loss)	1,182,947	(311,154)	871,793	(845,443)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	182,947	4,977	187,924	19,012
Interest expense	(908,572)	-	(908,572)	-
Total nonoperating revenues (expenses)	<u>(725,625)</u>	<u>4,977</u>	<u>(720,648)</u>	<u>19,012</u>
Income (loss) before contributions and transfers	457,322	(306,177)	151,145	(826,431)
OPERATING TRANSFERS				
Contributed capital	438,056	-	438,056	-
Transfers in	657,652	130,000	787,652	-
Transfers out	(821,500)	-	(821,500)	-
Total operating transfers and contributions	<u>274,208</u>	<u>130,000</u>	<u>404,208</u>	<u>-</u>
Change in net assets	731,530	(176,177)	555,353	(826,431)
NET ASSETS, beginning, as restated	25,146,369	3,723,909	28,870,278	(2,966,131)
NET ASSETS, ending	<u>\$ 25,877,899</u>	<u>\$ 3,547,732</u>	<u>\$ 29,425,631</u>	<u>\$ (3,792,562)</u>

The accompanying notes are an integral part of these financial statements.

City of Shawnee, Oklahoma
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds			Governmental
	Shawnee Municipal Authority	Shawnee Airport Authority	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 8,192,957	\$ 484,107	\$ 8,677,064	\$ -
Payments to suppliers	(3,333,199)	(278,979)	(3,612,178)	-
Payments to employees	(2,503,122)	(142,084)	(2,645,206)	-
Receipts of meter deposits	195,660	3,554	199,214	-
Payments of meter deposits	(169,140)	-	(169,140)	-
Charges to other funds	-	-	-	550,000
Claims and judgments paid	-	-	-	(627,202)
Received from component unit	47,907	-	47,907	-
Received from other funds	-	65,000	65,000	-
Net cash provided (used) by operating activities	<u>2,431,063</u>	<u>131,598</u>	<u>2,562,661</u>	<u>(77,202)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	657,652	130,000	787,652	-
Transfers out	(821,500)	-	(821,500)	-
Net cash provided (used) by noncapital financing activities	<u>(163,848)</u>	<u>130,000</u>	<u>(33,848)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(788,121)	(38,273)	(826,394)	-
Principal paid on long-term debt	(1,358,460)	-	(1,358,460)	-
Interest paid	(884,261)	-	(884,261)	-
Net cash provided (used) by capital and related financing activities	<u>(3,030,842)</u>	<u>(38,273)</u>	<u>(3,069,115)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	190,040	4,977	195,017	21,200
Purchase of investments	(1,873,001)	-	(1,873,001)	-
Net cash provided (used) by investing activities	<u>(1,682,961)</u>	<u>4,977</u>	<u>(1,677,984)</u>	<u>21,200</u>
Net increase (decrease) in cash and cash equivalents	(2,446,588)	228,302	(2,218,286)	(56,002)
CASH AND CASH EQUIVALENTS, beginning	<u>5,493,170</u>	<u>84,533</u>	<u>5,577,703</u>	<u>514,576</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 3,046,582</u>	<u>\$ 312,835</u>	<u>\$ 3,359,417</u>	<u>\$ 458,574</u>
Reconciliation to Statement of Net Assets:				
Cash and cash equivalents	949,493	312,835	1,262,328	458,574
Restricted cash and cash equivalents-current	1,930,368	-	1,930,368	-
Restricted cash and cash equivalents-noncurrent	166,721	-	166,721	-
Total cash and cash equivalents, end of year	<u>\$ 3,046,582</u>	<u>\$ 312,835</u>	<u>\$ 3,359,417</u>	<u>\$ 458,574</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Net operating income (loss)	1,182,947	(311,154)	871,793	(845,443)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,283,625	360,942	1,644,567	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivables	(55,889)	(4,733)	(60,622)	-
(Increase) decrease in other receivables	11,906	-	11,906	(865)
(Increase) decrease in due from component unit	232,541	-	232,541	-
(Increase) decrease in prepaid expense	(3,296)	-	(3,296)	-
(Increase) decrease in inventory	-	(70,783)	(70,783)	-
Increase (decrease) in accounts payable and accrued liabilities	(291,455)	74,012	(217,443)	(39,809)
Increase (decrease) in due to other funds	-	65,000	65,000	-
Increase (decrease) in deposit liability	26,520	3,554	30,074	-
Increase (decrease) in claims liability	-	-	-	808,915
Increase (decrease) in net pension obligation	50,481	4,102	54,583	-
Increase (decrease) in accrued compensated absences	(6,317)	10,658	4,341	-
Net cash provided (used) by operating activities	<u>\$ 2,431,063</u>	<u>\$ 131,598</u>	<u>\$ 2,562,661</u>	<u>\$ (77,202)</u>
Non-cash Activities:				
Capital assets donated	415,515	-	415,515	-
Capital assets transferred from governmental funds	22,541	-	22,541	-
Total Non-cash Activities	<u>\$ 438,056</u>	<u>\$ -</u>	<u>\$ 438,056</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

City of Shawnee, Oklahoma
Statement of Net Assets - Fiduciary Fund
As of June 30, 2008

	Agency Fund <u>URM/DEPCA</u>
ASSETS	
Cash and cash equivalents	\$4,600
Total assets	<u>\$4,600</u>
LIABILITIES	
URM/DEPCA payable	\$4,600
Total liabilities	<u>\$4,600</u>

The accompanying notes are an integral part of these financial statements.

I. Organization

The City of Shawnee, Oklahoma, (the City) operates under a Council-Manager form of government under Title 11 of the *Oklahoma Statutes*. The city provides the following services to its citizens; public safety (police and fire), streets and highways, sanitation, social services, culture and recreation, public improvements, utilities, planning and zoning, and general administrative services.

II. Summary of significant accounting policies

A. Reporting entity

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operation. The City's financial statements include one discretely presented component unit, which is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended component units. The Shawnee Municipal Authority (SMA) was created November 11, 1968, to finance, develop, and operate the water, sewer, and solid waste activities. The current City Commission serves as its entire governing body (trustees) of the SMA. Any issuance of debt would require a two-thirds approval of the City Commission. SMA is reported as an enterprise fund.

The Shawnees Airport Authority (SAA) was created March 18, 1974, to develop, construct, plan, establish, install, enlarge, improve, maintain, equip, operate, control, and regulate air transportation facilities. The current City Commission serves as its entire governing body (trustees) of the SAA. Any issuance of debt would require a two-thirds approval of the City Commission. SAA is reported as an enterprise fund.

The Shawnee Urban Renewal Authority is included within the financial statements as a part of Other Governmental Funds within a grouping of Special Revenue Funds titled CDBG & Home Grant Funds. All of the activity of the Shawnee Urban Development Authority is in the CDBG & Home Grant Funds and the Shawnee Urban Renewal Authority does not have any of its own assets or liabilities.

Separate financial statements have not been prepared for the blended component units.

Discretely presented component unit. Shawnee Civic & Cultural Development Authority (SCCDA) was created January 5, 1976, to acquire by lease and to operate, regulate and administer all physical properties, real or personal which shall be of public use or of civic and/or cultural benefit or incident to carry out an authority or proper function of the City of Shawnee, the beneficiary of the SCCDA. The governing body consists of seven members; the City Manager of the City of Shawnee, four (4) citizens representing the general public to be selected by the governing board of the Beneficiary, and two (2) residents of Pottawatomie County appointed by the Commissioners of Pottawatomie County and approved by the SCCDA trustees. Any issuance of debt requires a two-thirds approval of the City Commission.

The SCCDA issued separate financial statements, which are available by contacting that entity at (405) 275-7020.

During the year ended June 30, 2006, the SCCDA adopted a December 31 year-end to better represent its business cycle. Accordingly, the financial information contained in these financial statements for the SCCDA is as of December 31, 2007 and for the year then ended.

Affiliated organizations. These organizations have a close association with the City of Shawnee; however, the relationship does not meet the requirements for inclusion in the City of Shawnee's Annual Financial Report. Separate financial statements for these entities can be obtained by contacting the entities as indicated:

Shawnee Industrial Authority	(405) 273-7490
Shawnee Economic Development	(405) 273-7490
Pottawatomie County Development Authority	(405) 273-8064

B. Government-wide and fund financial statements

The Government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Combining financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for reimbursement type grants that are recorded as revenues when the related expenditures are recognized. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Sales and use taxes, property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The capital improvement fund accounts for the purchase of capital equipment and construction of facilities.
- The street improvement fund accounts for the construction or major reconstruction of street projects.

The City reports the following major proprietary funds:

- The Shawnee Municipal Authority accounts for the City's water, sewer, and sanitation operations.
- The Shawnee Airport Authority accounts for the City's airport operations.

The City reports the following fund type:

- Internal service fund accounts for workers' compensation insurance services provided to other departments or agencies of the City on a cost reimbursement basis.

Included in the aggregated governmental fund totals are the following funds:

- The street and alley fund accounts for the operation and maintenance of local streets and thoroughfares.
- The E-911 fund accounts for the operations and maintenance of the City's 911 emergency services.
- The revolving oil & gas fund accounts for the inspection and monitoring of oil and gas wells.

- The economic development fund accounts for the promotion of economic development.
- The spay and neuter fund accounts for the City's animal adoption program.
- The hotel/motel surcharge funds accounts for the collection of the City's hotel/motel surcharge.
- The police sales tax fund accounts for the 1/16 cent of a one-cent dedicated sales tax revenue for police officers.
- The fire sales tax fund accounts for the 1/16 cent of a one-cent dedicated sales tax revenue for firefighters.
- The CDBG & HOME grants account for federal funds received by the City and expenditures related to the operation of these grants.
- The library fund accounts for the maintenance of the municipal library.
- The cemetery care fund accounts for the continuing care and maintenance as well as future capital investments of the City owned cemetery.
- The senior citizens fund accounts for the maintenance of the senior citizens center.
- The gifts & contributions fund accounts for monies donated for various park projects, economic development, civic events, police, and fire donations.
- The sister cities fund accounts for the financial activity of the sister cities program.
- The tax increment finance fund accounts for ad valorem taxes paid to the City on properties located in the Shawnee Downtown Revitalization Area and Increment District to be used for economic development projects within that District.
- The drug forfeiture fund accounts for funds received from Pottawatomie County drug enforcement activities to help fund City drug-related law enforcement efforts.
- The debt service fund accounts for ad-valorem taxes levied by the City for use in retiring general obligation bonds, court-assessed judgments, and their related expenses and fiscal agent fees.
- The 1994 Street improvement project accounts for general obligation bond proceeds designated for the construction of specific street projects.

The City maintains one fiduciary fund:

- The IRS Section 125 Unreimbursed Medical/Dependent and Childcare Agency Fund (URM/DEPCA) holds funds related to employee withholding for medical expenditures not covered by insurance and for dependent care.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Shawnee Municipal Authority and Shawnee Airport Authority enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury; time deposits with financial institutions, if such deposits are fully insured by federal depository insurance or pledged collateral; and debt security issued by the State of Oklahoma, an Oklahoma County, school district, or municipality. A copy of the City of Shawnee's investment policy may be obtained by contacting the City of Shawnee, Post Office Box 1448, Shawnee, Oklahoma 74802-1448.

Investments for the City, as well as for its component units, are reported at fair value.

2. Receivable and payable

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of

interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles.

3. *Restricted assets*

Certain proceeds of the Shawnee Municipal Authority’s enterprise fund promissory notes, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts, and their use is limited by applicable loan covenants. The projects fund account is used to report those proceeds that are restricted for use in construction. The debt service fund account is used to segregate resources accumulated for debt service payments over the next 12 months. The debt service reserve account is used to report resources set aside to make up potential future deficiencies in the debt services account.

4. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	20-50
Infrastructure	20-100
Furniture, equipment, and vehicles	5-10

5. *Compensated absences*

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Sick leave may be accumulated up to a maximum of 120 days. Accumulated sick leave is paid to employees only upon retirement at a rate of one day’s pay for every three day’s

accumulated sick leave, up to a maximum of 40 days. A liability for these amounts is reported in governmental funds when they have matured as a result of employee resignations and retirements.

6. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs, are unearned and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of bond premium or discount. Bond issuance costs are reported as unearned charges and amortized over the term of the debt.

7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

III. Detailed notes on all funds

A. Deposits and investments – The City held the following deposits/investments at June 30, 2008:

PRIMARY GOVERNMENT:

Schedule of Deposits and Investments by Type

Type	Fair Value	Credit Rating	Maturities in Years			
			On Demand	Less Than One	1 - 5	6 - 10
Demand accounts	\$ 324,458	n/a	\$ 324,458	\$ -	\$ -	\$ -
Time deposits	6,306,850	n/a	-	3,548,900	2,757,950	-
Money market mutual fund	9,633,664	AAA	9,633,664	-	-	-
Money market mutual fund	104,112	not available	104,112	-	-	-
FHLMC obligation	1,232,408	n/a	-	1,232,408	-	-
Corporate bonds	38,973	B-	-	-	-	38,973
Sub-total	17,640,465		<u>\$ 10,062,234</u>	<u>\$ 4,781,308</u>	<u>\$ 2,757,950</u>	<u>\$ 38,973</u>
Cash on hand	2,630					
Total Investments and Deposits	<u>\$ 17,643,095</u>					
Reconciliation to Statement of Net Assets:						
Cash and cash equivalents	\$ 7,963,175					
Investments	6,345,823					
Current restricted cash and cash equivalents	1,930,368					
Noncurrent restricted cash and cash equivalents	166,721					
Noncurrent restricted investments	1,232,408					
Agency fund cash and cash equivalents	4,600					
	<u>\$ 17,643,095</u>					

Subsequent to year-end, the financial markets, both domestically and internationally, have experienced a significant decline in market value of investments. The City's investment experience has been consistent with the losses experienced in the overall financial market.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure, the City’s deposits may not be returned to it. The City requires that all deposits be collateralized by either FDIC insurance or pledged collateral. At June 30, 2008 the city had \$19,556 of deposits subject to custodial credit risk.

Interest Rate Risk. The City of Shawnee’s formal investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investment maturities limit policy is as follows:

- The portfolio, as a whole, shall have an average maturity of not more than two (2) years, unless specifically otherwise designated by the Treasurer.
- Banker’s acceptances shall not exceed one hundred (180) days to maturity.

The City complied with this policy in all material respects.

Credit Risk: The City of Shawnee’s policy limits investments to the following: a) obligations of the U.S. Government, its agencies or instrumentalities; b) collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state; c) negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association, or a state licensed branch of a foreign bank; d) prime bankers’ acceptances which are eligible for purchase by the Federal Reserve System; e) Prime commercial paper; f) Investment grade obligations of state and local governments, including certain highly rated obligations of state- beneficiary public trusts; g) repurchase agreements; and h) money market funds regulated by the Securities and Exchange commission and which investments consist of those items and those restrictions specified in the investment policy of the City of Shawnee, Oklahoma.

Concentration of Credit Risk. Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from this consideration. At June 30, 2008, the City had concentration of credit risk in the following investment: FHLMC 16%. The City places the following limit on the amount it may invest in any one issuer:

- With exception of U.S. Treasury securities and authorized money market mutual funds, no more than 50% of the of City’s total investment portfolio will be invested in a single security type or with a single financial institution. Individual securities shall be limited as follows:

Type of Investment	Percentage of Cash Available for Investment Not to Exceed
Negotiable certificates of deposit	50%
Bankers’ acceptances	50%
Commercial paper	50%
Obligations of state and local government	50%

The City complied with this policy in all material respects.

COMPONENT UNIT:

The SCCDA was not exposed to custodial credit risk at June 30, 2008. The \$307,135 of cash and cash equivalents was invested in a money market instrument with a credit rating of AAAM. The SCCDA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. There is no limit placed on the amount it may invest in any one issuer and is exposed to concentration of credit risk by being 100% invested in money market funds.

B. Receivables

Receivables as of June 30, 2008, for the City of Shawnee's governmental funds, including the applicable allowances for uncollectible accounts are as follows:

	Receivables	Less Allow for Uncollectibles	Net Receivables
<u>Governmental Activities:</u>			
Taxes	\$2,222,341	-	\$2,222,341
Court fines	712,848	(620,178)	92,670
Accounts	11,470	-	11,470
Due from other governments	1,162,912	-	1,162,912
Accrued interest	60,958	-	60,958
Home loan receivables	618,151	-	618,151
Miscellaneous	207,812	-	207,812
Total	<u>\$4,996,492</u>	<u>(\$620,178)</u>	<u>\$4,376,314</u>
<u>Business-type Activities:</u>			
Accounts - utilities	\$ 1,715,344	(489,399)	1,225,945
Accrued interest	11,484	-	11,484
Assessments	26,965	-	26,965
Due from component unit	184,634	-	184,634
Other	11,892	-	11,892
Total	<u>\$1,950,319</u>	<u>(\$489,399)</u>	<u>\$1,460,920</u>

C. Restricted assets

The amounts reported as restricted assets of the business-type activities are comprised of assets held by the trustee bank of behalf of the Shawnee Municipal Authority related to their required revenue note and bond accounts, as well as deposits held for refund.

<u>Type of Restricted Assets</u>	Current Cash and Cash Equivalents	Noncurrent Cash and Cash Equivalents	Noncurrent Investments	Total
	\$	\$	\$	\$
Due to Depositors	639,042	-	-	639,042
Trustee Accounts:				
Pottawattomie County Series 03 Principal Fund	21	-	-	21
Pottawattomie County Series 03 Interest Fund	26,278	-	-	26,278
OWRB Series 97 Debt Service Fund	117,386	-	-	117,386
OWRB Series 97 Debt Reserve Fund	-	161,394	-	161,394
Revenue Note Series 03 Principal Fund	643,654	-	-	643,654
Revenue Note Series 03 Interest Fund	503,987	-	-	503,987
Revenue Note Series 03 Debt Reserve Fund	-	5,327	1,232,408	1,237,735
Total Restrictced Assets	<u>\$ 1,930,368</u>	<u>\$ 166,721</u>	<u>\$ 1,232,408</u>	<u>\$ 3,329,497</u>

D. Capital Assets

The following is a summary of changes in capital assets during fiscal year 2008 for the primary government:

PRIMARY GOVERNMENT:

GOVERNMENTAL ACTIVITIES:	Restated Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Capital assets, not being depreciated:				
Land	\$ 2,261,793	\$ -	\$ -	\$ 2,261,793
Construction in progress	460,341	190,614	-	650,955
Total capital assets, not being depreciated	<u>2,722,134</u>	<u>190,614</u>	<u>-</u>	<u>2,912,748</u>
Capital assets, being depreciated:				
Buildings and improvements	8,093,793	103,366	-	8,197,159
Equipment	10,129,283	1,113,688	(105,007)	11,137,964
Infrastructure	30,296,283	1,532,943	-	31,829,226
Total capital assets, being depreciated	<u>48,519,359</u>	<u>2,749,997</u>	<u>(105,007)</u>	<u>51,164,349</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,425,733)	(278,796)	-	(4,704,529)
Equipment	(6,241,653)	(729,721)	79,827	(6,891,547)
Infrastructure	(17,224,101)	(624,255)	-	(17,848,356)
Total accumulated depreciation	<u>(27,891,487)</u>	<u>(1,632,772)</u>	<u>79,827</u>	<u>(29,444,432)</u>
Total capital assets, being depreciated, net	<u>20,627,872</u>	<u>1,117,225</u>	<u>(25,180)</u>	<u>21,719,917</u>
Governmental activities capital assets, net	<u>\$ 23,350,006</u>	<u>\$ 1,307,839</u>	<u>\$ (25,180)</u>	<u>\$ 24,632,665</u>

BUSINESS-TYPE ACTIVITIES:	Restated Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Capital assets, not being depreciated:				
Land	\$ 1,481,715	\$ -	\$ -	\$ 1,481,715
Intangible water rights	12,967,959	-	-	12,967,959
Construction in progress	353,457	52,807	(19,345)	386,919
Total capital assets, not being depreciated	<u>14,803,131</u>	<u>52,807</u>	<u>(19,345)</u>	<u>14,836,593</u>
Capital assets, being depreciated:				
Buildings and improvements	9,855,812	88,259	-	9,944,071
Equipment	3,149,774	100,632	(17,450)	3,232,956
Utility property	42,967,695	1,042,096	-	44,009,791
Total capital assets, being depreciated	<u>55,973,281</u>	<u>1,230,987</u>	<u>(17,450)</u>	<u>57,186,818</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,761,769)	(388,364)	-	(7,150,133)
Equipment	(2,192,244)	(163,882)	17,450	(2,338,676)
Utility property	(15,863,802)	(1,071,242)	-	(16,935,044)
Total accumulated depreciation	<u>(24,817,815)</u>	<u>(1,623,488)</u>	<u>17,450</u>	<u>(26,423,853)</u>
Total capital assets, being depreciated, net	<u>31,155,466</u>	<u>(392,501)</u>	<u>-</u>	<u>30,762,965</u>
Business-type activities capital assets, net	<u>\$ 45,958,597</u>	<u>\$ (339,694)</u>	<u>\$ (19,345)</u>	<u>\$ 45,599,558</u>

NOTES TO THE FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2008

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 120,381
Public safety	484,811
Public works	860,287
Community development	31,091
Culture and recreation	136,202
Total depreciation expense- governmental activities	<u>\$ 1,632,772</u>

Business-type activities:

General and administration	\$ 4,422
Lake operations	17,200
Water	485,390
Wastewater	588,493
Sanitation	167,041
Airport	360,942
Total depreciation expense – business-type activities	<u>\$ 1,623,488</u>

COMPONENT UNIT:

Shawnee Civic and Cultural Development Authority:	<u>Balance</u> <u>December 31, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2007</u>
Capital assets, not being depreciated:				
Land	\$ 94,493	\$ -	\$ -	\$ 94,493
Total capital assets, not being depreciated	<u>94,493</u>	<u>-</u>	<u>-</u>	<u>94,493</u>
Capital assets, being depreciated:				
Buildings and improvements	9,297,249	44,521	-	9,341,770
Equipment	570,966	58,803	(141,765)	488,004
Total capital assets, being depreciated	<u>9,868,215</u>	<u>103,324</u>	<u>(141,765)</u>	<u>9,829,774</u>
Less accumulated depreciation	<u>(4,744,144)</u>	<u>(270,612)</u>	<u>141,765</u>	<u>(4,872,991)</u>
Total capital assets, being depreciated, net	<u>5,124,071</u>	<u>(167,288)</u>	<u>-</u>	<u>4,956,783</u>
Governmental activities capital assets, net	<u>\$ 5,218,564</u>	<u>\$ (167,288)</u>	<u>\$ -</u>	<u>\$ 5,051,276</u>

E. Long-term debt

Long-term liabilities of the City of Shawnee as of June 30, 2008, are summarized as follows:

Governmental activities:

General obligation bond; \$1,400,000 General Obligation Limited Access Facilities Bonds of 1994, due in annual Installments of \$100,000, final installment due February 1, 2009, with interest rates at 3.5% to 6.5%. The debt service fund typically has been used to liquidate this liability.	<u>\$ 100,000</u>
Capital lease obligation, dated July 28, 2004, in the amount of \$400,000, payable monthly installments of \$22,062 including interest at 3.81%, due September 2009, for a fire engine. The capital improvement fund typically pays this liability.	<u>128,072</u>
Current portion	84,563
Noncurrent portion	<u>43,509</u>
	<u>128,072</u>
Accrued compensated absences. The general fund typically has been used to liquidate this liability.	<u>1,532,946</u>
Current portion	883,980
Noncurrent portion	<u>648,966</u>
	<u>1,532,946</u>
Claims and judgments payable. The general fund typically has been used to liquidate this liability.	<u>4,806,434</u>
Current portion	767,637
Noncurrent portion	<u>4,038,797</u>
	<u>\$ 4,806,434</u>

Business-type Activities:

Notes payable:

<p>\$18,850,000 Series 2003 Utility Revenue Note dated April, 2003, payable in semiannual installments ranging from \$ 390,000 to \$ 1,265,000, interest from 2.0% to 5.0% through July 1, 2026, to fund utility improvements. The Shawnee Municipal Authority typically has been used to liquidate this liability.</p>	<p>\$ 16,675,000</p>
<p>\$1,073,279 1997A SFR Promissory Note to Oklahoma Water Resources Board, dated September, 2, 1997, payable in annual installments to \$57,000, with no interest and a 0.05% administrative fee. The Shawnee Municipal Authority typically has been used to liquidate this liability.</p>	<p>480,151</p>
<p>\$1,900,000 1997B Promissory Note to Oklahoma Water Resources Board, dated September, 1, 1997, payable in semiannual installments of approximately \$80,000, Interest from 3.895% to 5.245% through 2017. The Shawnee Municipal Authority typically pays this liability.</p>	<p>1,105,000</p>
<p>\$5,350,000 2001 Sales Tax Revenue Note, to a financial institution, dated September, 1, 1997, payable in 120 installments of \$54,804, interest at 4.25% through November 28, 2011. The Shawnee Municipal Authority collects funding from the capital improvement fund in the form of transfers to liquidate this liability.</p>	<p>2,135,255</p>
<p>\$395,000 Series 2003 Sales Tax Revenue Note dated September 25, 2003, payable in 99 installments of \$ 4,739, interest at 4.25% through December 28, 2011. The Shawnee Municipal Authority collects funding from the discretely presented component unit in the form of a interfund balance to liquidate this liability.</p>	<p><u>184,632</u></p>
<p>Total notes payable before unearned loss and bond premium</p>	<p>20,580,038</p>
<p>Unearned loss on 2003 refunding</p>	<p>(723,300)</p>
<p>Bond premium</p>	<p><u>74,647</u></p>
<p>Total notes payable, net of unearned loss on 2003 refunding</p>	<p><u>\$ 19,931,385</u></p>
<p>Current portion</p>	<p>1,409,548</p>
<p>Noncurrent portion</p>	<p><u>18,521,837</u></p>
	<p><u>\$ 19,931,385</u></p>
<p>Accrued compensated absences. The Shawnee Municipal Authority typically has been used to liquidate this liability.</p>	<p><u>\$ 271,121</u></p>
<p>Current portion</p>	<p>178,110</p>
<p>Noncurrent portion</p>	<p><u>93,011</u></p>
	<p><u>\$ 271,121</u></p>

NOTES TO THE FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2008

Long-term liability transactions for the year ended June 30, 2008 and changes therein were as follows:

	Restated Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Amounts due within one year
Governmental activities					
General obligation bonds	\$ 200,000	-	100,000	100,000	100,000
Capital lease obligations	209,502	-	81,430	128,072	84,563
Claims and judgments payable	3,997,519	1,436,117	627,202	4,806,434	767,637
Accrued compensated absences	1,363,564	1,053,362	883,980	1,532,946	883,980
Total governmental activities	<u>5,770,585</u>	<u>2,489,479</u>	<u>1,692,612</u>	<u>6,567,452</u>	<u>1,836,180</u>
Business-type activities					
Notes payable	\$ 21,938,498	-	1,358,460	20,580,038	1,409,548
Accrued compensated absences	266,780	182,451	178,110	271,121	178,110
Total business-type activities	<u>22,205,278</u>	<u>182,451</u>	<u>1,536,570</u>	<u>20,851,159</u>	<u>1,587,658</u>
Total primary government	<u>\$ 27,975,863</u>	<u>2,671,930</u>	<u>3,229,182</u>	<u>27,418,611</u>	<u>3,423,838</u>

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ending June 30	Governmental Activities			
	General Obligation Bonds		Capital Lease Bonds	
	Principal	Interest	Principal	Interest
2009	\$ 100,000	\$ 5,000	84,563	\$ 3,686
2010	-	-	43,509	616
	<u>\$ 100,000</u>	<u>\$ 5,000</u>	<u>\$ 128,072</u>	<u>\$ 4,302</u>

Year Ending June 30	Business-Type Activities	
	Notes Payable	
	Principal	Interest
2009	\$ 1,409,548	\$ 833,089
2010	1,451,767	782,966
2011	1,505,165	729,400
2012	1,204,360	676,169
2013	876,488	642,850
2014-2018	4,637,710	2,707,531
2019-2024	4,765,000	1,724,632
2025-2028	4,730,000	450,010
	<u>\$ 20,580,038</u>	<u>\$ 8,546,647</u>

The Shawnee Municipal Authority (SMA) entered into an agreement with the Pottawatomie County Development Authority (PCDA) for the development of the North Deer Creek Reservoir Project (Reservoir) in which the PCDA issued bonds totaling \$18,180,000 for the construction of the Reservoir. SMA issued its Utility Revenue Note, Series 1990B in the amount of \$18,180,000 to the PCDA. (These notes were defeased during the 1993 fiscal year with the issuance of the SMA Utility Revenue Note, Series 1993A in the amount of \$21,165,000.) During the 2003 fiscal year, the 1993 notes were defeased in the amount of \$18,850,000. The debt service payments made by SMA on their Series 2003 Note will be used by the PCDA to make their debt service payments on their Series 2003 Bonds.

SMA acquired a contractual interest in the water of the reservoir by issuing their Series 1990B Note. They issued the note totaling \$18,180,000 and received restricted funds back from PCDA to establish a reserve fund totaling \$1,263,881. The net amount of the note face value less the reserve fund, which totals \$16,916,119, represented SMA's investment in the water contract with PCDA and a trustee Bank. During a prior fiscal year, the SMA received \$3,948,160 in surplus bond proceeds remaining in the PCDA trust funds to be used for SMA utility system improvements. These proceeds have been accounted for as a reduction in the investment in the water contract with PCDA to \$12,967,959.

The term of the water agreement shall be for a period of one hundred (100) years from its effective date and may be extended by written agreement of the parties. Upon the expiration of the term of this agreement and any extension thereof, PCDA shall by quit claim deed and bill of sale, convey to each party, an undivided fractional interest in the facilities and all personal property titled in PCDA that is used in the operation of the facilities except PCDA's files and records.

Due to the long-term nature of this agreement, and the infinite economic life of the water rights, the SMA's investment in the water rights contract is not being amortized.

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged one-third of seven-eighths of one penny (or 9.7%) of future sales tax revenues to repay \$5,745,000 of Series 2001 and 2003 Sales Tax Revenue Notes. Proceeds from the notes provided financing for capital assets. The notes are payable from pledged sales tax revenues. The notes are payable through 2011. The total principal and interest payable for the remainder of the life of these notes is \$2,500,802. Pledged sales taxes received in the current year were \$1,491,890. Debt service payments of \$714,515 for the current fiscal year were 48% of pledged sales taxes.

Utility Revenues Pledge - The City has also pledged future gross water and wastewater revenues to repay \$18,850,000 of the 2003 Series Utility Revenue Note and \$2,973,279 of 1997A and 1997B Series OWRB Notes Payable. Proceeds from the notes provided financing for utility system capital assets. The notes are payable through 2026 and 2016 respectively. The total principal and interest payable for the remainder of the life of these notes is \$25,520,880. The notes are payable from the above-mentioned utility revenues. The debt service payments on the notes this year were \$1,428,630 which was 21% of pledged utility revenues of \$6,776,728.

Compensated absences

Full-time employees with at least one year of service earn vacation of ten to twenty days per year depending on years of service completed. A maximum of ten to thirty days may be carried over from one benefit year into another, depending on years of service completed. In accordance with the guidelines set forth by GASB Statement No. 16, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, a provision has been made for accumulated leave as follows:

Governmental activities	\$ 1,532,946
Business-type activities	<u>271,121</u>
Total accrued compensated absences	<u>\$ 1,804,067</u>

Full-time employees earn sick leave at the rate of ten hours per month, up to 120 days. Upon retirement, employees are paid at the rate of one day's pay for every three days of accumulated sick leave up to a maximum of 40 days.

F. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
General	SMA	\$ 1,253,766	Construction projects
General	SMA	1,250	Revenue posted to incorrect fund
Worker's Comp Fund	General	273,383	Self insurance funding
Worker's Comp Fund	SMA	282,794	Self insurance funding
General	Police Sales Tax Fund	23,979	Negative cash
General	Fire Sales Tax Fund	23,979	Negative cash
General	CDBG & Home Grants Fund	50,972	Negative cash
Capital Improvement Fund	Shawnee Airport Authority	65,000	Federal grant match on future projects
		<u>\$ 1,975,123</u>	

Reconciliation to Fund Financial Statements:

	Due From	Due to	Net Interfund Balances
Governmental Funds	\$ 1,418,946	\$ 372,313	\$ 1,046,633
Proprietary Funds	-	1,602,810	(1,602,810)
Internal Service Funds	556,177	-	556,177
	<u>\$ 1,975,123</u>	<u>\$ 1,975,123</u>	<u>\$ -</u>

NOTES TO THE FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2008

A summary of interfund transfers for the fiscal year ended June 30, 2008 is as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
SMA	General	\$764,000	Allocation of shared costs
Police Tax Fund	General	317,708	Restricted sales tax transfer
Fire Tax Fund	General	317,708	Restricted sales tax transfer
Street Improvement Fund	General	100,000	Engineering services for capital projects
Economic Development Fund	General	50,000	Operating subsidy for component unit
Capital Improvement Fund	General	100,000	Operating subsidy for component unit
SMA	Economic Development Fund	57,500	Infrastructure for new business
Street Improvement Fund	Economic Development Fund	67,500	Infrastructure for new business
Gifts and Contribution Fund	Capital Improvement Fund	10,000	Transfer to correct fund
Capital Improvement Fund	SMA	657,652	Debt service
Capital Improvement Fund	Cemetery Fund	16,453	Capital project
Capital Improvement Fund	Shawnee Airport Authority	65,000	Operating subsidy
Economic Development Fund	Shawnee Airport Authority	65,000	Match on federal grant projects
Economic Development Fund	Sister Cities Fund	15,000	Sister Cities program support
Economic Development Fund	Street Improvement Fund	30,000	Capital project
General Fund	Library Fund	49,000	Operating subsidy
Total		\$2,682,521	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 1,894,869	\$ (1,861,021)	\$ 33,848
Proprietary Funds	787,652	(821,500)	(33,848)
	\$ 2,682,521	\$ (2,682,521)	\$ -

Reconciliation to Statement of Activities:

Net transfers	\$ (33,848)
Transfer of business-type activity expenses to governmental:	
Internal service fund net loss allocation	127,560
Transfer of capital assets to business-type activities	22,541
Transfers - internal activity	\$ 116,253

IV. Other Information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City has insurance for the major risks such as property and general liability, and is self-insured for workers' compensation and unemployment, with applicable excess loss coverage for workers' compensation. A third party worker's compensation administrator is used to evaluate claims and estimate the City's liability for outstanding claims not assumed by the issuer. The City is self-insured up to \$375,000 per occurrence and \$1,000,000 in the aggregate, and has obtained overlying insurance coverage for claims in excess of these amounts. Commercial insurance is used to cover general liability claims and the risk of loss to City buildings and mobile equipment. Judgments against the City may be paid by a property tax assessment over a three-year period.

Claims Liability Analysis

The claims liabilities related to the above noted risk of loss that is retained is determined in accordance with the requirements of Statement of Financial Accounting Standards No. 5, which

requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the internal service self-insurance workers' compensation fund, changes in the claims liability for the City from July 1, 2006 to June 30, 2008, are as follows:

Claims liability, June 30, 2006	\$ 3,811,633
Claims and changes in estimates	670,094
Claims payments	<u>(484,208)</u>
Claims liability, June 30, 2007	3,997,519
Claims and changes in estimates	1,436,117
Claims payments	<u>(627,202)</u>
Claims liability, June 30, 2008	<u><u>\$ 4,806,434</u></u>

B. Commitments and contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The Oklahoma Housing Finance agency requires the City to maintain records supporting the banked match that is necessary for participation in the Home Grant Program. As of June 30, 2008, the City's records indicate that the City's banked match of the Home Grant Program totaled \$585,297.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a materially adverse effect on the financial condition of the City. The following construction project commitments were outstanding at June 30, 2008:

Fund/Project	Original Contract	Balance Remaining
Governmental Activities:		
Regional park	\$ 1,000,000	\$ 886,959
Zoning development code	80,000	16,560
Skate park	75,000	72,184
City hall heat/air replacement	524,000	52,400
Kickapoo street/45th paving	291,290	248,418
Kickapoo street south	2,000,000	2,000,000
Municipal auditorium fire sprinkler	148,944	99,689
Broadway street projects	542,222	542,222
Rehab asphalt street projects	1,899,973	1,899,973
Rehab concrete street projects	<u>186,275</u>	<u>186,275</u>
Total Governmental activities	<u>6,747,704</u>	<u>6,004,680</u>
Business-type activities:		
Shawnee Airport Authority	<u>357,000</u>	<u>2,000</u>
Total business-type activities	<u>357,000</u>	<u>2,000</u>
Total primary government	<u><u>\$ 7,104,704</u></u>	<u><u>\$ 6,006,680</u></u>

C. Employee retirement systems and pensions plans

The City of Shawnee participates in the Oklahoma State Police Pension and Retirement Systems and the Oklahoma State Firefighters' Pension and Retirement System, both of which are cost-sharing multiple-employer defined benefit pension plans administered by the State of Oklahoma. Copies of the State of Oklahoma sponsored multiple-employer plans and a schedule of funding progress is available, for each from the Plan. The State of Oklahoma is responsible for any funding deficiencies. Additionally, for other City employees not covered by the other plans, the City of Shawnee maintains the Oklahoma Municipal Retirement Fund, an agent multiple employer defined benefit pension plan.

Oklahoma State Police Pension and Retirement System (OPPRS)

Plan Description – The OPPRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is delegated to the administrators of the OPPRS. The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information for the police employees of the City. That report may be obtained by writing to the Oklahoma State Police Pension and Retirement System, 1001 N.W. 63rd Street, Suite 305, Oklahoma City, Oklahoma 73116-7335, or by calling (405) 840-3555.

Funding Policy – Plan members are required to contribute 8.0% of their annual covered salary, and the City of Shawnee contributes 13.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the state legislature. Contributions to the OPPRS for the year ended June 30, 2008, for employees and employer were \$171,580 and \$309,328, respectively, on covered payroll of \$2,379,623. The state made on-behalf payments for the police pension system of \$282,556. These on-behalf payments were recognized as revenue and expenditures in the current fiscal year.

The required employer contributions and actual employer contributions made to OPPRS for the current and past two fiscal years are as follows:

<u>Fiscal year</u>	<u>Required</u>	<u>Contributed</u>
2007-2008	\$309,328	\$309,328
2006-2007	284,201	284,201
2005-2006	263,211	263,211

Oklahoma State Firefighters' Pension and Retirement System (OFPRS)

Plan Description – The OFPRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is delegated to the administrators of the OFPRS. The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information for the firefighting employees of the City. That report may be obtained by writing to the Oklahoma State Firefighters' Pension and Retirement System, 4545 North Lincoln Boulevard, Suite 265, Oklahoma City, Oklahoma 73105-3414, or by calling (405) 525-7813.

Funding Policy – Plan members are required to contribute 8.0% of their annual covered salary, and the City of Shawnee contribute 13.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the state legislature. Contributions to the OFPRS for the year ended June 30, 2008, for employees and employer were \$215,691 and \$359,602, respectively, on covered payroll of \$2,766,169. The state made on-behalf payments for the fire pension system of \$628,589. These on-behalf payments were recognized as revenue and expenditures in the current fiscal year.

The required employer contributions and actual employer contributions made to OFPRS for the current and past two fiscal years are as follows:

<u>Fiscal year</u>	<u>Required</u>	<u>Contributed</u>
2007-2008	\$359,602	\$359,602
2006-2007	346,074	346,074
2005-2006	318,842	318,842

Oklahoma Municipal Retirement Fund Employee Retirement System of Shawnee, Oklahoma

Plan Description – The City maintains a defined benefit retirement plan, the Oklahoma Municipal Retirement Fund Employee Retirement System of Shawnee, Oklahoma (the Plan), which covers employees not covered by other plans. The Plan operates as a trust maintained by the Oklahoma Municipal Retirement Fund (OMRF). The OMRF board of trustees retains BankOne as custodian to hold the Plan’s assets which are invested by various professional managers. All regular, full-time City employees not covered by other plans are required to participate in the plan. Benefits vest after seven years of service. Employees, who retire at age 65 with completion of seven years of service, are entitled to an annual retirement benefit, payable monthly in an amount equal to 2.625% of final average compensation multiplied by the number of years of credited service. Final average compensation is defined as the average of the five highest consecutive annual salaries out of the last ten calendar years of service.

An employee is eligible for an early retirement benefit once he has attained age 55 and has completed seven years of service. The amount of benefit is determined based on the final average salary and credited service as of the date of termination. If benefit payments are to begin before age 65, the amount of benefit will be actuarially reduced. A late retirement benefit is computed in the same manner as a normal retirement based on average salary and credited service as of the termination of employment.

A participant who becomes totally and permanently disabled after completion of seven years of service will be entitled to a disability benefit based on average salary and service as of the date of disability but without actuarial reduction for payments beginning prior to normal retirement age.

Employee contributions are returned with accrued interest if their employment is terminated prior to completion of seven years of service. A death benefit is payable after seven years of service based on 50% of the employee’s accrued benefit. This benefit is payable for life or until remarriage of the surviving spouse.

Funding Policy – The amount shown below as the actuarial accrued liability is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected

salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the Plan on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits, and is independent of the funding method used to determine contributions to the Plan.

The actuarial accrued liability was computed as part of an actuarial valuation performed as of July 1, 2008. Significant actuarial assumptions used in the valuation include 1) a rate of return on the investment of present and future assets of 7.5% compounded annually, and 2) future salary increases based on the age of the employee.

Total actuarial accrued liability was more than net assets available for benefits by \$3,633,917 as of January 1, 2008, as follows:

Actuarial accrued liability	\$ 28,447,562
Net assets available for benefits (actuarial value)	<u>24,813,645</u>
Underfunded actuarial accrued liability	<u>\$ 3,633,917</u>

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increases gradually over time so sufficient assets will be available to pay benefits when due. Required contributions are determined using the aggregate entry age normal cost method. Unfunded actuarial accrued liabilities are being amortized as a level percentage of payroll over a closed period of thirty years.

Significant actuarial assumptions used for the Plan are as follows:

Rate of return on investments	7.5% compounded annually
Projected salary increases	5.1% average (a high scale at younger age levels, becoming progressively lower as age advances)
Inflation rate	3% per annum
Post retirement benefits increases method	Entry age normal cost
Mortality rates – before and after retirement	UP 1994 Mortality Table w/ projected mortality improvement

For the year ended June 30, 2008, employees were required to contribute 0.0% of annual compensation while the City contributed 16.5%. The actuarially required contribution rate for the City was 18.24%. Contributions to the Plan for the year ended June 30, 2008, for employees and employer were \$0 and \$955,124, respectively. For the year ended June 30, 2008, the City's covered payroll was \$5,779,198. Covered payroll refers to all compensation paid by the City of Shawnee to active employees covered by the Plan on which contributions are based.

The actuarially determined contributions for both the employee and the employer for the current and past two fiscal years are as follows:

<u>Fiscal year</u>	<u>Required</u>	<u>Contributed</u>	<u>Net Pension Obligation</u>
2007-2008	\$ 1,054,126	\$ 955,124	\$ 160,780
2006-2007	980,989	919,211	61,778
2005-2006	827,838	827,838	-

The following schedule shows the change in net pension obligation based on the actuarially required contributions to the plan compared to the actual contributions made by the city:

Annual required contribution for 2008 plan year	\$ 1,054,126
Actual contributions made	<u>(955,124)</u>
Increase/(decrease) in net pension obligation	99,002
Beginning of year net pension obligation	<u>61,778</u>
End of year net pension obligation	<u><u>\$ 160,780</u></u>

Since the beginning balance of the net pension obligation was considered immaterial, the entire balance of \$160,780 was recognized in the current fiscal year. The schedule of funding progress for the Plan for the current year is as follows:

<u>Accrued Valuation Date</u>	<u>Value of Assets Available for Benefits</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Percent Funded</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percent of Covered Payroll</u>
1/1/2008	\$ 24,813,645	\$ 28,447,562	\$ 3,633,917	87.20%	\$ 5,772,950	62.90%

Oklahoma Municipal Retirement Fund Defined Contribution Plan (the Plan)

Plan Description – The City has also provided a defined contribution plan and trust known as the City of Shawnee Plan and Trust (the Plan) in the form of The Oklahoma Municipal Retirement Fund Master Defined Contribution Plan (OMRF). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. The defined contribution plan is available to all full-time employees except those participating in the state of Oklahoma fire or police program. Separate audited GAAP – basis financial statements are not available.

OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. Benefits depend solely on amounts contributed to the plan plus investment earnings.

Funding Policy – Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon employment, and must make a mandatory minimum pre-tax contribution of 4.25%. Employees are allowed to contribute in excess of the

4.25%; however, these contributions are not pre-tax. By City ordinance, the City, as the employer, is required to make variable contributions to the plan, based on availability of funds. The employee is fully vested after 7 years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are allocated back to remaining eligible participants. The authority to establish and amend the provisions of the plan rests with the City Commission. Contributions to the plan for the year ended June 30, 2008, for employees and employer were \$241,560 and \$0, respectively, on a covered payroll of \$5,669,851. No employer contributions were made during the years ended June 30, 2008, 2007, and 2006 due to budget constraints.

Oklahoma Municipal Retirement Fund Defined Contribution Department Head and City Manager Plan (the DH Plan)

DH Plan Description – Effective May 1, 2008, the City has also provided a defined contribution plan and trust known as the City of Shawnee Department Head and City Manager Retirement Plan and Trust (the DH Plan) in the form of The Oklahoma Municipal Retirement Fund Master Defined Contribution Plan (OMRF). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. The defined contribution plan is available to all full-time employees defined as Department Head or City Manager except those participating in the state of Oklahoma fire or police program. Separate audited GAAP – basis financial statements are not available.

OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. Benefits depend solely on amounts contributed to the plan plus investment earnings.

Funding Policy – Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon employment, and must make a mandatory minimum pre-tax contribution of 8%. Employees are allowed to contribute in excess of the 8%; however, these contributions are not pre-tax. By City ordinance, the City, as the employer, is required to make at least 5% contributions to the plan and could be higher, based on availability of funds. The employee is fully vested upon employment. The authority to establish and amend the provisions of the plan rests with the City Commission. Contributions to the plan for the year ended June 30, 2008, for employees and employer were \$9,966 and \$6,378, respectively, on a covered payroll of \$32,889.

City of Shawnee 457 Deferred Compensation Plan (DC Plan)

Plan Description – The City of Shawnee makes available to all full-time employees two Section 457 deferred compensation plans. The DC Plan was created in accordance with Section 457 of the *Internal Revenue Code*, and permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to the employee until retirement, termination, death, or unforeseeable emergency. Employees may choose investments offered by International City/County Management Association (ICMA) or Nationwide Retirement Solutions, Inc. Separate audited GAAP – basis financial statements are not available.

Funding Policy – DC Plan participants may contribute up to \$15,000 of eligible compensation per year. During the year ended June 30, 2008, employees contributed \$150,359 to the DC Plan.

ICMA Retirement Deferred Compensation Plan

In addition to the above plans, the City of Shawnee offers a retirement plan through ICMA which is totally employee funded. Employee contributions to the plan for the year ended June 30, 2008, were \$14,855. Separate audited GAAP – basis financial statements are not available.

D. Prior Period Adjustments

During the year ended June 30, 2008, the City had the following restatements to its beginning fund balances/net assets:

	<u>General Fund</u>	<u>Internal Service Funds</u>	<u>Governmental Activities</u>
Beginning fund balance/net assets as previously reported	\$ 3,457,084	\$ 175,286	\$ 31,779,655
Correction of errors:			
SCCDA fund not reported:	-	-	-
Understated cash	129,790	-	129,790
Understated accounts payable and accrued liabilities	(14,721)	-	(14,720)
Understated due to other funds	(25,041)	-	(25,041)
Understated incurred but not reported claims liability	-	(3,141,417)	(3,141,417)
Overstated incurred but not reported claims liability	-	-	2,795,000
Understated capital assets	-	-	237,652
Understated SCCDA compensated absence liability	-	-	(54,104)
Internal service fund not reported in governmental activities:			
Understated cash	-	-	514,577
Understated accrued interest receivable	-	-	5,116
Understated due from other funds	-	-	556,178
Understated accounts payable and accrued liabilities	-	-	(44,481)
Understated incurred but not reported claims liability	-	-	(856,102)
Beginning fund balance/net assets as restated	<u>\$ 3,547,112</u>	<u>\$ (2,966,131)</u>	<u>\$ 31,882,103</u>

- Fund 521 for City-paid SCCDA activities – The City maintains Fund 521 to separately account for salary, salary-related employer-paid benefits, miscellaneous expenditures, and payments made directly to the SCCDA by the City. SCCDA employees are City employees and are accounted for and paid through the City’s payroll and general ledger accounting system. The City’s Fund 521 is funded with transfers from the general, economic development, and capital improvements funds and is used to account for payroll and other expenses paid directly to or on behalf of the SCCDA (Expo). Fund 521 was not reported in the audited financial statements for the fiscal year ended June 30, 2007 at the fund level. Also excluded at the government-wide reporting level, the City’s liability for compensated absences for SCCDA/City employees as of June 30, 2007 was not reported on the Statement of Net Assets. This prior period adjustment incorporates Fund 521’s claim on pooled cash and liabilities into the General Fund ending fund balance as of June 30, 2007. In the future the City will account for payments made directly to and on behalf of the SCCDA as a separate department in the General Fund.

- Workers' compensation incurred but not reported (IBNR) claims liability - The City is self-insured for workers' compensation costs and accounts for this activity in the Workers' Compensation Internal Service Fund. In prior years the liability for IBNRs – incurred but not reported claims – had been reported at the government-wide level in the governmental activities column of the Statement of Assets. The liability also should have been reported in the Workers' Compensation Internal Service Fund. Also, the City has an actuarial study done every year, but one was not obtained for the year ended June 30, 2007. Based on the June 30, 2008 actuarial study, an adjustment has been made to the estimated IBNRs for the fiscal year ended June 30, 2007.
- Assets, liabilities and net assets excluded in the prior year – In addition to the above prior period adjustment, the June 30, 2007 Workers' Compensation Self-Insurance Internal Service Fund's assets, liabilities, net assets, and change in net assets were excluded from the June 30, 2007 Statement of Net Assets. This prior period adjustment corrects that omission.
- Capital assets net of accumulated depreciation – As a result of completing a physical inventory of City vehicles and tagged equipment for June 30, 2008, the City discovered that several capital assets and the related accumulated depreciation had not been recorded as of June 30, 2007 and had not been reported in the June 30, 2007 audited financial statements. This prior period adjustment records and reports those capital assets and related accumulated depreciation. Also, accumulated depreciation on other capital assets, which had been calculated incorrectly in the past, was corrected.

REQUIRED SUPPLEMENTARY INFORMATION

City of Shawnee, Oklahoma
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes				
Sales Tax	\$ 10,166,667	\$ 10,166,667	\$ 10,395,473	\$ 228,806
Use Tax	530,000	530,000	792,933	262,933
Alcoholic Beverage Tax	100,000	100,000	95,791	(4,209)
Cigarette Tax	220,000	220,000	217,863	(2,137)
ONG Franchise Tax	275,000	275,000	303,763	28,763
OG&E Franchise Tax	1,250,000	1,250,000	973,452	(276,548)
SWBT/AT&T Franchise	100,000	100,000	94,555	(5,445)
Charter Cable Franchise	100,000	100,000	100,201	201
Occupational Tax	10,000	10,000	14,400	4,400
CVEC Franchise	32,000	32,000	33,577	1,577
Other Taxes	12,000	12,000	16,160	4,160
Total Tax Revenues	<u>12,795,667</u>	<u>12,795,667</u>	<u>13,038,168</u>	<u>242,501</u>
Intergovernmental Revenue				
Federal Grant Revenue	-	537,870	-	(537,870)
State Grant Revenue	23,000	172,143	136,069	(36,074)
Civil Defense Grant Revenue	-	-	134,860	134,860
Incarceration Costs	46,000	46,000	49,995	3,995
Gordon Cooper Interlocal	35,000	35,000	-	(35,000)
Shawnee Housing Authority	42,000	42,000	48,039	6,039
Independent School District	64,000	64,000	70,500	6,500
RE-ACT - IA	15,000	15,000	15,000	-
LEPC Grant Revenue	-	-	2,319	2,319
Payments Made on Behalf of the City	-	-	911,145	911,145
Other Intergovernmental Revenue	-	6,854	557,350	550,496
Total Intergovernmental Revenue	<u>225,000</u>	<u>918,867</u>	<u>1,925,277</u>	<u>1,006,410</u>
Licenses and Permits				
Licenses	6,500	6,500	6,148	(352)
Building Permits	142,000	142,000	112,481	(29,519)
Plumbing Permits	25,000	25,000	19,550	(5,450)
Electrical Permits	3,000	3,000	3,000	-
Zoning Permits & Applications	12,000	12,000	18,207	6,207
Heating & A/C Permits	7,500	7,500	8,350	850
Lake Permits	250	250	22,283	22,033
Registrations	27,500	27,500	26,400	(1,100)
Lakeside Inspections	1,500	1,500	2,212	712
Pet Licenses & Pound Fee	29,000	29,000	24,522	(4,478)
Garage Sale Permits	12,000	12,000	13,656	1,656
Other Permits	7,000	7,000	10,490	3,490
Total Licenses and Permits	<u>273,250</u>	<u>273,250</u>	<u>267,299</u>	<u>(5,951)</u>

See notes to required supplementary information of budgetary accounting and control.

City of Shawnee, Oklahoma
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES (continued)				
Fines & Forfeitures				
Municipal Court Fines	370,000	370,000	335,857	(34,143)
Municipal Court Costs	118,000	118,000	118,651	651
Juvenile Admin. Costs	4,300	4,300	3,156	(1,144)
Juvenile Fines	6,800	6,800	6,216	(584)
Total Fines & Forfeitures	<u>499,100</u>	<u>499,100</u>	<u>463,880</u>	<u>(35,220)</u>
Rental Revenue				
Lakeside Lease Rental Revenue	60,000	60,000	60,007	7
COEDD Bldg. Rental Revenue	16,596	16,596	16,597	1
T-Mobile Tower Rental	9,240	9,240	9,240	-
Other Rental Revenue	-	-	601	601
Total Rental Revenue	<u>85,836</u>	<u>85,836</u>	<u>86,445</u>	<u>609</u>
Interest Income				
Interest Income	17,500	17,500	54,918	37,418
Interest Income - Sales Tax	24,000	24,000	18,403	(5,597)
Interest Income - Use Tax	1,400	1,400	1,444	44
Total Interest Income	<u>42,900</u>	<u>42,900</u>	<u>74,765</u>	<u>31,865</u>
Other Revenues				
Oil & Gas Royalties	17,000	17,000	33,462	16,462
Cemetery Lot Sales	7,500	7,500	9,653	2,153
Other Cemetery Revenue	22,000	22,000	18,893	(3,107)
Fire Runs	4,000	4,000	5,675	1,675
Sale of Surplus Property	6,000	6,000	1,455	(4,545)
Property Resale Distribution	-	-	23,804	23,804
Miscellaneous Gifts and Donations	-	-	35	35
Cash Long/Short	-	-	(1,002)	(1,002)
Other Misc. Revenue	7,500	16,490	13,033	(3,457)
Refunds & Reimbursements	5,000	13,150	16,756	3,606
Project Heart Revenue	6,000	6,000	6,000	-
Phone Reimbursements	1,200	1,200	1,374	174
Planning Copy/Map Fees	100	100	260	160
Engineering Copy/Spec. Fees	950	950	2,420	1,470
Safe Room Rebate Revenue	-	-	-	-
Total Other Revenues	<u>77,250</u>	<u>94,390</u>	<u>131,818</u>	<u>37,428</u>
Total Revenues	<u>\$ 13,999,003</u>	<u>\$ 14,710,010</u>	<u>\$ 15,987,652</u>	<u>\$ 1,277,642</u>

See notes to required supplementary information of budgetary accounting and control.

City of Shawnee, Oklahoma
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
EXPENDITURES				
City Manager	509,523	569,523	559,482	10,041
City Attorney	157,425	133,925	109,549	24,376
Accounting	498,630	498,630	504,251	(5,621)
Information Systems	288,153	288,153	283,933	4,220
Municipal Court	337,200	319,012	286,991	32,021
City Clerk	245,508	263,696	251,323	12,373
Human Resources	383,334	422,479	433,322	(10,843)
Code Enforcement	407,328	407,378	384,015	23,363
Planning	142,115	142,065	126,800	15,265
Police Administration	574,282	589,002	506,831	82,171
Police Patrol	3,391,113	3,554,988	4,185,435	(630,447)
Criminal Investigation Division	445,097	437,468	447,129	(9,661)
Animal Control	190,017	203,254	195,298	7,956
Dispatch	517,282	487,836	501,852	(14,016)
Fire Prevention	423,073	398,668	364,205	34,463
Fire Suppression	3,496,901	3,430,688	3,997,699	(567,011)
Fire Training	101,310	97,928	94,121	3,807
Emergency Management	244,573	972,496	799,218	173,278
L.E.P.C.	5,700	5,700	1,495	4,205
Engineering	342,635	332,635	303,044	29,591
Streets	824,291	764,291	714,030	50,261
Traffic Control	214,317	224,317	223,525	792
Parks	506,017	506,017	506,458	(441)
Cemetery	188,336	188,336	193,222	(4,886)
Municipal Auditorium	20,050	20,050	10,661	9,389
Community Center	55,700	55,700	51,416	4,284
Senior Citizens	82,600	82,600	78,891	3,709
Equipment Services	329,227	329,227	334,049	(4,822)
Building Maintenance	80,737	80,737	79,067	1,670
Payments to Component Unit	-	-	600,341	(600,341)
Total Expenditures	<u>15,002,474</u>	<u>15,806,799</u>	<u>17,127,653</u>	<u>(1,320,854)</u>
Excess of Expenditures Over Revenues	<u>(1,003,471)</u>	<u>(1,096,789)</u>	<u>(1,140,001)</u>	<u>(43,212)</u>

See notes to required supplementary information of budgetary accounting and control.

City of Shawnee, Oklahoma
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				
Transfer From SMA	764,000	764,000	764,000	-
Transfer From Capital Improvement Fund	-	-	100,000	100,000
Transfer From Economic Development Fund	-	-	50,000	50,000
Transfer From Police Tax Fund	317,708	317,708	317,708	-
Transfer From Fire Tax Fund	317,708	317,708	317,708	-
Transfer From Street Improvement Fund	100,000	100,000	100,000	-
	<u>1,499,416</u>	<u>1,499,416</u>	<u>1,649,416</u>	<u>150,000</u>
Transfers Out				
Transfers out to other funds	(949,000)	(949,000)	(49,000)	900,000
Other				
Insurance Recoveries	-	-	20,205	20,205
Total Other Financing Sources and (Uses)	<u>550,416</u>	<u>550,416</u>	<u>1,620,621</u>	<u>1,070,205</u>
Net Change in Fund Balance	<u>\$ (453,055)</u>	<u>\$ (546,373)</u>	480,620	<u>\$ 1,026,993</u>
Fund Balances - Beginning, as restated			3,547,112	
Fund Balances - Ending			<u>\$ 4,027,732</u>	

See notes to required supplementary information of budgetary accounting and control.

**CITY OF SHAWNEE, OKLAHOMA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 ON BUDGETARY ACCOUNTING AND CONTROL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The City prepares its annual operating budget under the provisions of the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at regular Council meetings to obtain taxpayer comments. Public hearings are held no later than 15 days prior to the beginning of the budget year.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the City Council.
- d. Subsequent to City Council enactment, the adopted budget is filed with the office of the State Auditor and Inspector.

All funds with revenues and/or expenditures/expenses as defined by State law are required to have annual budgets under this section of state law, except funds of public trusts or authorities. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund. The following departments exceeded appropriations:

General Fund –		
Accounting	\$ 5,621	(a)
Human Resources	10,843	(a)
Police Patrol	630,447	(b)
Criminal Investigation Division	9,661	(a)
Dispatch	14,016	(a)
Fire Suppression	567,011	(b)
Parks	441	(a)
Municipal Auditorium	4,886	(a)
Equipment Services	4,822	(a)
Payment to Component Unit	600,341	(c)

Explanations for the above noted excess expenditures over appropriations are as follows:

- (a) Payments to the self insurance Worker's Comp Fund were originally budgeted as transfers out but are reported as insurance expense in each department for financial reporting purposes in accordance with generally accepted accounting principles.
- (b) In addition to explanation (a) above, the police and fire departments did not budget for on-behalf payments made by the state to their respective pension systems. This is also reported as a revenue which was not budgeted either.
- (c) The payment to Component Unit (SCCDA) was originally budgeted as a transfer to the SCCDA in the General Fund (\$450,000), Capital Improvement Fund (\$100,000), and Economic Development Fund (\$50,000). For financial reporting purposes these payments are reported in the General Fund as expenditures with corresponding transfers in from the Capital Improvement Fund and Economic Development Fund.

All supplemental appropriations require the approval of the City Council. All transfers of appropriation between departments also require the approval of the City Council. The City prepared and adopted a legal annual budget for all governmental funds.

In accordance with Title 60 of the Oklahoma State Statutes, the Shawnee Municipal Authority and Shawnee Airport Authority are required to prepare an annual budget and submit a copy to the city as beneficiary. However, there are no further requirements such as form of budget, approval of the budget or definition of a legal spending limit.

Budgetary Accounting

The annual operating budgets of the General Fund are prepared and presented on a modified accrual basis of accounting.

The City utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. The City considers all appropriations to lapse at year-end; any open purchase orders to be honored in the subsequent budget year are reappropriated in the new year's budget. As a result, encumbrances are not treated as the equivalent of expenditures in the budget and actual financial statements.

CITY OF SHAWNEE, OKLAHOMA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT PENSION PLAN
 FUNDING SCHEDULES
 June 30, 2008

I. Schedule of Funding Progress

Accrual Valuation Date	Value of Assets Available for Benefits	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Percentage Funded	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
1/1/2008	\$ 24,813,645	\$ 28,447,562	\$ 3,633,917	87.2%	\$ 5,772,950	62.9%
1/1/2007	23,176,682	25,754,610	2,577,928	90.0%	5,378,234	47.9%
1/1/2006	21,914,001	23,744,809	1,830,808	92.3%	4,952,709	37.0%
1/1/2005	21,548,548	22,838,766	1,290,218	94.4%	4,767,083	27.1%
1/1/2004	19,956,987	20,893,487	936,500	95.5%	5,273,332	17.8%
1/1/2003	19,398,530	18,661,318	(737,212)	104.0%	4,692,250	-15.7%
1/1/2002	21,491,773	18,552,363	(2,939,410)	115.8%	4,692,782	-62.6%
1/1/2001	20,721,347	14,717,465	(6,003,882)	140.8%	4,331,334	-138.6%
1/1/2000	20,116,523	14,668,807	(5,447,716)	137.1%	4,101,801	-132.8%

II. Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage Contributed
2008	\$1,054,126	90.6%
2007	980,989	93.7%
2006	827,838	100.0%

III. Notes to Required Supplementary Information Pension Plan Funding Schedules

Covered payroll is the total annualized rate of pay as of the valuation date based on actual pay for the preceding year.

Actuarial method is "Entry Age Normal".

SUPPLEMENTARY INFORMATION

City of Shawnee, Oklahoma
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2007

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes				
Sales Tax	\$ 9,666,667	\$ 9,666,667	\$ 9,707,125	\$ 40,458
Use Tax	625,000	625,000	676,878	51,878
Alcoholic Beverage Tax	84,000	84,000	88,226	4,226
Cigarette Tax	210,000	210,000	209,708	(292)
ONG Franchise Tax	300,000	300,000	292,844	(7,156)
OG&E Franchise Tax	1,100,000	1,100,000	988,009	(111,991)
Southwestern Bell Franchise	100,000	100,000	96,737	(3,263)
Charter Cable Franchise	100,000	100,000	104,058	4,058
Occupational Tax	9,000	9,000	14,700	5,700
CVEC Franchise	30,000	30,000	33,444	3,444
Other Taxes	21,000	21,000	19,144	(1,856)
Total Tax Revenues	<u>12,245,667</u>	<u>12,245,667</u>	<u>12,230,873</u>	<u>(14,794)</u>
Intergovernmental Revenue				
Federal Grant Revenue	-	-	13,189	13,189
State Grant Revenue	-	55,000	56,060	1,060
Civil Defense Grant Revenue	-	-	-	-
Incarceration Costs	48,000	48,000	45,209	(2,791)
Drug Forfeitures (County)	-	-	-	-
Gordon Cooper Interlocal	35,000	35,000	16,781	(18,219)
Shawnee Housing Authority	42,000	42,000	44,774	2,774
Independent School District	64,000	64,000	70,438	6,438
RE-ACT - IA	15,000	15,000	15,000	-
LEPC Grant Revenue	-	-	2,534	2,534
Other Intergovernmental Revenue	-	-	625	625
Total Intergovernmental Revenue	<u>204,000</u>	<u>259,000</u>	<u>264,610</u>	<u>5,610</u>
Licenses and Permits				
Licenses	6,200	6,200	5,958	(242)
Building Permits	120,000	120,000	134,498	14,498
Plumbing Permits	22,000	22,000	23,820	1,820
Electrical Permits	5,000	5,000	3,765	(1,235)
Zoning Permits & Applications	12,000	12,000	11,856	(144)
Heating & A/C Permits	28,000	28,000	8,305	(19,695)
Lake Permits	12,000	12,000	2,445	(9,555)
Registrations	23,000	23,000	27,525	4,525
Lakeside Inspections	1,500	1,500	1,500	-
Pet Licenses & Pound Fee	30,000	30,000	28,865	(1,135)
Garage Sale Permits	13,000	13,000	12,781	(219)
Other Permits	10,000	10,000	7,450	(2,550)
Total Licenses and Permits	<u>282,700</u>	<u>282,700</u>	<u>268,768</u>	<u>(13,932)</u>

See the accompanying auditors' report.

City of Shawnee, Oklahoma
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2007

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES (continued)				
Fines & Forfeitures				
Municipal Court Fines	300,000	300,000	341,420	41,420
Municipal Court Costs	110,000	110,000	115,899	5,899
Juvenile Admin. Costs	3,200	3,200	4,711	1,511
Juvenile Fines	4,792	4,792	7,335	2,543
Incarceration Costs	-	-	-	-
Total Fines & Forfeitures	<u>417,992</u>	<u>417,992</u>	<u>469,365</u>	<u>51,373</u>
Rental Revenue				
Lakeside Lease Rental Revenue	56,000	56,000	57,561	1,561
COEDD Bldg. Rental Revenue	16,596	16,596	16,597	1
Sears Bldg Rental Revenue	-	-	-	-
T-Mobile Tower Rental	6,200	6,200	8,470	2,270
Other Rental Revenue	-	-	25,601	25,601
Total Rental Revenue	<u>78,796</u>	<u>78,796</u>	<u>108,229</u>	<u>29,433</u>
Interest Income				
Interest Income	15,000	15,000	55,272	40,272
Interest Income - Sales Tax	13,000	18,000	18,334	334
Interest Income - Use Tax	900	900	1,375	475
Total Interest Income	<u>28,900</u>	<u>33,900</u>	<u>74,981</u>	<u>41,081</u>
Other Revenues				
Oil & Gas Royalties	17,000	17,000	17,797	797
Cemetery Lot Sales	16,000	16,000	10,719	(5,281)
Other Cemetery Revenue	25,000	25,000	23,528	(1,472)
Fire Runs	4,000	4,000	6,120	2,120
Sale of Surplus Property	6,500	6,500	4,544	(1,956)
Property Resale Distribution	-	-	2,197	2,197
Miscellaneous Gifts and Donations	1,500	1,500	144	(1,356)
Cash Long/Short	-	-	(3,005)	(3,005)
Other Misc. Revenue	7,500	7,500	9,650	2,150
Refunds & Reimbursements	2,500	2,500	37,416	34,916
Project Heart Revenue	6,000	6,000	6,234	234
Phone Reimbursements	1,200	1,200	1,501	301
Planning Copy/Map Fees	700	700	413	(287)
Engineering Copy/Spec. Fees	900	900	962	62
Safe Room Rebate Revenue	60,000	60,000	-	(60,000)
Total Other Revenues	<u>148,800</u>	<u>148,800</u>	<u>118,220</u>	<u>(30,580)</u>
Total Revenues	<u>\$ 13,406,855</u>	<u>\$ 13,466,855</u>	<u>\$ 13,535,046</u>	<u>\$ 68,191</u>

See the accompanying auditors' report.

City of Shawnee, Oklahoma
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2007

EXPENDITURES	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
City Manager	466,658	466,658	422,682	43,976
City Attorney	92,750	92,750	123,304	(30,554)
Accounting	460,632	458,132	445,396	12,736
Information Systems	265,380	265,380	252,725	12,655
Municipal Court	327,021	327,021	274,146	52,875
City Clerk	230,348	230,348	233,500	(3,152)
Human Resources	319,697	322,197	366,451	(44,254)
Code Enforcement	376,807	378,807	365,571	13,236
Planning	134,081	134,081	135,794	(1,713)
Police Administration	585,844	588,344	616,061	(27,717)
Police Patrol	3,113,964	3,171,624	3,137,462	34,162
Criminal Investigation Division	460,257	455,097	418,632	36,465
Culture and recreation (transfer to component unit)	386,000	391,000	583,596	(192,596)
Animal Control	185,467	185,467	184,645	822
Dispatch	486,965	486,965	435,912	51,053
Fire Prevention	420,227	420,227	394,831	25,396
Fire Suppression	3,148,393	3,148,393	3,060,827	87,566
Fire Training	97,313	97,313	90,087	7,226
Emergency Management	239,944	239,944	205,634	34,310
L.E.P.C.	5,700	5,700	2,023	3,677
Hazard Mitigation	60,000	60,000	-	60,000
Engineering	324,694	324,694	313,669	11,025
Streets	732,653	742,071	741,848	223
Traffic Control	201,611	201,611	211,307	(9,696)
Parks	533,045	510,379	478,977	31,402
Cemetery	189,129	189,129	172,732	16,397
Municipal Auditorium	20,050	20,050	12,271	7,779
Community Center	51,700	51,700	53,324	(1,624)
Senior Citizens	57,600	81,600	81,336	264
Equipment Services	316,641	316,641	289,604	27,037
Building Maintenance	38,977	61,643	52,253	9,390
Total Expenditures	\$ 14,329,548	\$ 14,424,966	\$ 14,156,600	\$ 268,366
Excess (Deficiency) of Revenues Over Expenditures	\$ (922,693)	\$ (958,111)	\$ (621,554)	\$ 336,557

See the accompanying auditors' report.

City of Shawnee, Oklahoma
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2007

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				
Transfer From SMA	800,000	800,000	800,000	-
Transfer From Police Tax Fund	302,083	302,083	302,083	-
Transfer From Fire Tax Fund	302,083	302,083	302,083	-
Transfer From Street Improvement	-	-	-	-
	<u>1,404,166</u>	<u>1,404,166</u>	<u>1,404,166</u>	<u>-</u>
Transfers Out				
Transfers (Excluding Transfers to Component Unit)	602,000	602,000	600,000	2,000
Total Other Financing Sources and Uses	<u>802,166</u>	<u>802,166</u>	<u>804,166</u>	<u>2,000</u>
Net Change in Fund Balances	\$ (120,527)	\$ (155,945)	\$ 182,612	\$ 338,557
Fund Balances - Beginning, as restated	<u>1,367,217</u>	<u>1,367,217</u>	<u>3,274,472</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,246,690</u>	<u>\$ 1,211,272</u>	<u>\$ 3,457,084</u>	<u>\$ 338,557</u>

See the accompanying auditors' report.

Note:

The General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – For the Year ended June 30, 2007 has not been restated for items that have been reported in the related schedule for the year ended June 30, 2008 (RSI page 55). These differences in reporting may make comparisons between the two years more difficult than usual. These items are:

- State of Oklahoma on-behalf police and firefighter pension payments for the City totaling \$1.35 million for fiscal year 2006-2007 are not included in the above schedule. These types of payments totaling \$911,145 were included in the June 30, 2008 schedule as revenue and as expenditures.
- Workers' compensation premiums of \$450,000 have not been allocated to General Fund departments for the year ended June 30, 2007. Instead the \$450,000 is reported as a General Fund transfer to the Workers' Compensation Self-Insurance Fund. These types of Workers' compensation premiums were allocated to the General Fund departments in the June 30, 2008 schedule.
- The \$450,000 payment to the City's discretely-presented component unit - SCCDA - is not reported here as an expenditure for civic and cultural activities. Instead it is reported as a transfer from the General Fund to SCCDA. This type of payment of \$450,000 was correctly reported as expenditures for civic and cultural activities in the June 30, 2008 schedule.

City of Shawnee, Oklahoma
Capital Improvement Capital Projects Fund
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Years Ended June 30, 2008 and 2007

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$ 1,969,792	\$ 1,969,792	\$ 2,014,123	\$ 44,331
Intergovernmental Revenue	-	111,583	79,768	(31,815)
Interest Income	123,000	123,000	109,497	(13,503)
Other Revenues	-	30,215	19,000	(11,215)
Total Revenues	<u>2,092,792</u>	<u>2,234,590</u>	<u>2,222,388</u>	<u>(12,202)</u>

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
EXPENDITURES				
Accounting	500	682	683	-
Information Systems	163,650	163,467	161,368	2,099
Municipal Court	17,432	17,432	15,916	1,516
City Clerk	-	-	-	-
Human Resources	-	-	-	-
Code Enforcement	10,810	10,810	3,815	6,995
Planning	1,194,132	1,334,063	100,740	1,233,323
Police Administration	3,000	3,000	2,797	203
Police Patrol	163,695	191,599	166,501	25,098
Criminal Investigation	13,000	13,000	12,461	539
Animal Control	15,000	15,145	18,375	(3,230)
Dispatch	30,000	38,875	38,875	-
Fire Prevention	5,700	4,150	4,888	(738)
Fire Suppression	196,900	235,620	109,665	125,955
Emergency Management	66,610	66,610	58,257	8,353
Engineering	108,080	108,080	2,045	106,035
Streets	139,500	138,418	118,822	19,596
Parks	260,500	285,000	77,928	207,072
Cemetery	3,300	3,301	3,729	(428)
Utility Administration	-	-	-	-
Equipment Services	30,414	30,414	30,349	65
Building Maintenance	34,000	31,643	72,798	(41,155)
Vehicles	325,527	354,011	354,011	-
Library	66,500	66,500	4,761	61,739
Municipal Auditorium	113,000	185,444	71,247	114,197
Community Center	10,000	5,000	182	4,818
Senior Citizens	10,000	10,000	-	-
Lease Payments	742,250	742,250	88,248	654,002
Total Expenditures	<u>3,723,500</u>	<u>4,054,514</u>	<u>1,528,461</u>	<u>2,526,054</u>

Change in Fund Balance (1,630,708) (1,819,924) 693,927 2,513,852

OTHER FINANCING SOURCES (USES)				
Transfers in	-	10,000	10,000	-
Transfer out to Component Unit	-	-	(100,000)	-
Transfers out	(100,000)	(181,453)	(739,105)	557,652
Net Change in Fund Balance	<u>\$ (1,730,708)</u>	<u>\$ (1,991,377)</u>	<u>(135,178)</u>	<u>1,956,200</u>

Fund Balance - Beginning 2,472,861
Fund Balance - Ending \$ 2,337,683

See the accompanying auditors' report.

Transfers Out:			
Cemetery Fund	\$ 16,453	Land for Skate Park	
Shawnee Municipal Authority	657,652	SMA debt payments for Fund 301 past projects	
Shawnee Airport Authority	65,000	Operating Transfer to SAA	
Shawnee Civic and Cultural Development Authority	100,000	For capital projects for Component Unit	

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$ 1,872,917	\$ 1,872,917	\$ 1,880,756	\$ 7,839
Intergovernmental Revenue	-	-	153,661	153,661
Interest Income	20,350	20,350	153,184	132,834
Other Revenues	5,000	5,000	-	(5,000)
Total Revenues	<u>1,898,267</u>	<u>1,898,267</u>	<u>2,187,601</u>	<u>289,334</u>

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
EXPENDITURES				
Accounting	1,750	1,750	1,509	241
Information Systems	84,300	84,300	81,172	3,128
Municipal Court	22,093	22,093	15,647	6,446
City Clerk	2,225	2,225	1,129	1,096
Human Resources	1,300	1,300	1,283	17
Code Enforcement	9,000	9,000	5,145	3,855
Planning	1,287,759	1,287,759	195,431	1,092,328
Police Administration	-	-	-	-
Police Patrol	123,600	126,100	75,077	51,023
Criminal Investigation	4,000	3,570	2,867	703
Animal Control	16,800	10,800	2,700	8,100
Dispatch	-	6,000	-	6,000
Fire Prevention	11,050	11,050	-	11,050
Fire Suppression	51,200	51,200	162,517	(111,317)
Emergency Management	8,500	8,500	3,228	5,272
Engineering	77,400	77,400	2,400	75,000
Streets	4,500	4,500	4,322	178
Parks	157,650	157,650	101,139	56,511
Cemetery	18,000	18,000	16,554	1,446
Utility Administration	20,000	20,000	740	19,260
Equipment Services	10,000	10,000	5,426	4,574
Building Maintenance	384,664	382,164	299,417	82,747
Vehicles	300,000	300,430	324,953	(24,523)
Library	-	-	-	-
Municipal Auditorium	-	-	-	-
Community Center	-	-	-	-
Senior Citizens	-	-	-	-
Lease Payments	753,350	753,350	116,229	637,121
Total Expenditures	<u>3,349,141</u>	<u>3,349,141</u>	<u>1,418,885</u>	<u>1,930,256</u>

Change in Fund Balance (1,450,874) (1,450,874) 768,716 2,219,590

OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(60,000)	(60,000)	(737,309)	(677,309)
Net Change in Fund Balance	<u>\$ (1,510,874)</u>	<u>\$ (1,510,874)</u>	<u>31,407</u>	<u>\$ 1,542,281</u>

Fund Balance - Beginning 2,828,020
Prior Period Adjustment (386,566)
Fund Balance - Ending \$ 2,472,861

City of Shawnee, Oklahoma
 Street Improvement Capital Projects Fund
 Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Years Ended June 30, 2008 and 2007

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance From Final Budget
REVENUES				
Taxes	\$ 2,223,958	\$ 2,223,958	\$ 2,274,010	\$ 50,052
Intergovernmental Revenue	-	550,000	550,000	-
Interest Income	128,800	128,800	305,904	177,104
Total Revenues	<u>2,352,758</u>	<u>2,902,758</u>	<u>3,129,914</u>	<u>227,156</u>
EXPENDITURES				
Planning	48,000	48,000	3,654	44,346
Engineering	100,000	-	11,554	(11,554)
New Street Projects	3,024,418	4,837,894	793,327	4,044,567
Overlay Projects	1,338,000	1,435,524	204,803	1,230,721
Street Rehab Projects	250,000	250,000	20,515	229,485
Other Projects	305,000	305,000	-	305,000
Streets	175,000	175,000	89,975	85,025
Traffic Control	211,039	217,039	51,440	165,599
Total Expenditures	<u>5,451,457</u>	<u>7,268,457</u>	<u>1,175,268</u>	<u>6,093,189</u>
Change in Fund Balance	(3,098,699)	(4,365,699)	1,954,646	6,320,345
OTHER FINANCING SOURCES (USES)				
Transfers in	-	30,000	30,000	-
Transfers out	-	(167,500)	(167,500)	-
Net Change in Fund Balance	<u>\$ (3,098,699)</u>	<u>\$ (4,503,199)</u>	<u>1,817,146</u>	<u>\$ 6,320,345</u>
Fund Balance - Beginning			5,941,101	
Fund Balance - Ending			<u>\$ 7,758,247</u>	

See the accompanying auditors' report.

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance From Final Budget
REVENUES				
Taxes	\$ 2,114,583	\$ 2,114,583	\$ 2,123,434	\$ 8,851
Intergovernmental Revenue	-	-	-	-
Interest Income	37,500	237,500	294,467	56,967
Total Revenues	<u>2,152,083</u>	<u>2,352,083</u>	<u>2,417,901</u>	<u>65,818</u>
EXPENDITURES				
Planning	48,000	48,000	-	48,000
Engineering	290,000	383,875	182,039	201,836
New Street Projects	2,371,290	2,371,290	101,990	2,269,300
Overlay Projects	250,000	250,000	40,708	209,292
Street Rehab Projects	250,000	250,000	83,801	166,199
Other Projects	-	-	-	-
Streets	405,000	405,000	365,688	39,312
Traffic Control	238,899	238,899	142,217	96,682
Total Expenditures	<u>3,853,189</u>	<u>3,947,064</u>	<u>916,443</u>	<u>3,030,621</u>
Change in Fund Balance	(1,701,106)	(1,594,981)	1,501,458	3,096,439
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(98,000)	(98,000)	-
Net Change in Fund Balance	<u>\$ (1,701,106)</u>	<u>\$ (1,692,981)</u>	<u>1,403,458</u>	<u>\$ 3,096,439</u>
Fund Balance - Beginning			4,896,198	
Prior Period Adjustment			(358,555)	
Fund Balance - Ending			<u>\$ 5,941,101</u>	

City of Shawnee, Oklahoma
Shawnee Municipal Authority
Comparative Statement of Revenues, Expenses, and Changes in
Fund Net Assets - Proprietary Funds
Budget and Actual
for the Years Ended June 30, 2008 and 2007

	2008				2007			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
OPERATING REVENUES					OPERATING REVENUES			
Charges for services:					Charges for services:			
Water Sales	\$ 4,387,941	\$ 4,387,941	\$ 3,803,777	\$ (584,164)	\$ 4,387,941	\$ 4,387,941	\$ 3,951,642	\$ (436,299)
Wastewater Service	2,429,388	2,429,388	2,250,134	(179,254)	2,429,388	2,429,388	2,254,804	(174,584)
Sanitation Service	1,158,353	1,158,353	1,458,525	300,172	1,158,353	1,158,353	1,158,968	615
Water Surcharge	2,199,595	240,505	52,466	(188,039)	2,199,595	240,505	641,757	401,252
Other	282,439	282,439	225,548	(56,891)	282,439	201,000	-	(201,000)
Penalties/late charges	180,000	180,000	162,610	(17,390)	140,000	140,000	175,984	35,984
Miscellaneous	56,870	81,370	87,371	6,001	56,870	56,870	1,197	(55,673)
Rental	10,000	10,000	11,875	1,875	10,000	10,000	-	(10,000)
Total operating revenues	<u>10,704,586</u>	<u>8,769,996</u>	<u>8,052,306</u>	<u>(717,690)</u>	<u>10,664,586</u>	<u>8,624,057</u>	<u>8,184,352</u>	<u>(439,705)</u>
OPERATING EXPENSES					OPERATING EXPENSES			
General and administration	680,380	739,779	278,707	461,072	1,651,340	1,681,340	267,292	1,414,048
Lake operations	44,606	85,771	43,289	42,482	59,496	59,496	31,239	28,257
Water	5,083,584	3,193,125	2,569,895	623,230	3,137,987	2,957,887	2,562,623	395,264
Wastewater	2,043,044	1,997,708	1,527,267	470,441	1,102,721	1,307,121	1,429,083	(121,962)
Sanitation	1,096,117	1,096,117	1,166,576	(70,459)	661,392	484,392	1,094,920	(610,528)
Depreciation and amortization	773,160	773,160	1,283,625	(510,465)	-	-	1,169,116	(1,169,116)
Total operating expenses	<u>9,720,891</u>	<u>7,885,660</u>	<u>6,869,359</u>	<u>1,016,301</u>	<u>6,612,936</u>	<u>6,490,236</u>	<u>6,554,273</u>	<u>(64,037)</u>
Net operating income (loss)	983,695	884,336	1,182,947	298,611	4,051,650	2,133,821	1,630,079	(375,668)
NONOPERATING REVENUES (EXPENSES)					NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	-	-	-	185,000	-	-	-
Interest income	72,000	72,000	182,947	110,947	35,500	35,500	234,647	199,147
Interest expense and fiscal charges	(804,688)	(804,688)	(908,572)	(103,884)	(783,250)	(783,250)	(944,795)	(161,545)
Total nonoperating revenues (expenses)	<u>(732,688)</u>	<u>(732,688)</u>	<u>(725,625)</u>	<u>7,063</u>	<u>(562,750)</u>	<u>(747,750)</u>	<u>(710,148)</u>	<u>37,602</u>
Income (loss) before transfers	251,007	151,648	457,322	305,674	3,488,900	1,386,071	919,931	(338,066)
OPERATING TRANSFERS					OPERATING TRANSFERS			
Contributed Capital	-	-	438,056	438,056				
Transfers in	-	-	657,652	657,652	-	-	677,309	677,309
Transfers (out)	(864,000)	(921,500)	(821,500)	100,000	(900,000)	(900,000)	(900,000)	-
Total operating transfers	<u>(864,000)</u>	<u>(921,500)</u>	<u>274,208</u>	<u>1,195,708</u>	<u>(900,000)</u>	<u>(900,000)</u>	<u>(222,691)</u>	<u>677,309</u>
Change in net assets	<u>\$ (612,993)</u>	<u>\$ (769,852)</u>	<u>731,530</u>	<u>1,501,382</u>	<u>\$ 2,588,900</u>	<u>\$ 486,071</u>	<u>697,240</u>	<u>339,243</u>
Net Assets, beginning			25,146,369				24,146,807	
Prior Period Adjustment			-				302,322	
Net Assets, ending			<u>\$ 25,877,899</u>				<u>\$ 25,146,369</u>	

The accompanying notes are an integral part of these financial statements.

**City of Shawnee, Oklahoma
Shawnee Airport Authority
Comparative Statement of Revenues, Expenses, and Changes in
Fund Net Assets - Proprietary Funds
Budget and Actual
for the Years Ended June 30, 2008 and 2007**

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
OPERATING REVENUES				
Charges for services:				
Fuel Sales and Fuel Flowag \$	188,000	\$ 166,730	\$ 196,846	\$ 30,116
Oil & Gas Royalties	11,000	14,800	23,133	8,333
Sale of Real Property	-	210,000	-	(210,000)
Rental	113,000	261,640	232,502	(29,138)
Total operating revenues	<u>312,000</u>	<u>653,170</u>	<u>452,481</u>	<u>(200,689)</u>
OPERATING EXPENSES				
Airport	424,315	1,016,365	439,052	577,313
Depreciation and amortization	-	-	360,942	(360,942)
Total operating expenses	<u>424,315</u>	<u>1,016,365</u>	<u>799,994</u>	<u>216,371</u>
Net operating income (loss)	(112,315)	(363,195)	(347,513)	15,682
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	275,000	36,359	(238,641)
Interest income	-	1,600	4,977	3,377
Total nonoperating revenues (expenses)	<u>-</u>	<u>276,600</u>	<u>41,336</u>	<u>(235,264)</u>
Income (loss) before transfers	(112,315)	(86,595)	(306,177)	(219,582)
OPERATING TRANSFERS				
Transfers in	99,000	130,000	130,000	-
Change in net assets	<u>\$ (13,315)</u>	<u>\$ 43,405</u>	<u>(176,177)</u>	<u>(219,582)</u>
Net Assets, beginning			3,723,909	
Prior Period Adjustment				
Net Assets, ending			<u>\$ 3,547,732</u>	

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
OPERATING REVENUES				
Charges for services:				
Fuel Sales and Fuel Flowag \$	188,000	\$ 188,000	\$ 152,985	\$ (35,015)
Oil & Gas Royalties	11,000	11,000	13,034	2,034
Sale of Real Property	-	-	-	-
Rental	113,000	174,500	176,148	1,648
Total operating revenues	<u>312,000</u>	<u>373,500</u>	<u>342,167</u>	<u>(31,333)</u>
OPERATING EXPENSES				
Airport	424,315	695,940	421,501	274,439
Depreciation and amortization	-	-	347,049	(347,049)
Total operating expenses	<u>424,315</u>	<u>695,940</u>	<u>768,550</u>	<u>(72,610)</u>
Net operating income (loss)	(112,315)	(322,440)	(426,383)	(103,943)
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	89,894	97,442	7,548
Interest income	-	-	159	159
Total nonoperating revenues (expenses)	<u>-</u>	<u>89,894</u>	<u>97,601</u>	<u>7,707</u>
Income (loss) before transfers	(112,315)	(232,546)	(328,782)	(96,236)
OPERATING TRANSFERS				
Transfers in	99,000	197,000	257,000	60,000
Change in net assets	<u>\$ (13,315)</u>	<u>\$ (35,546)</u>	<u>(71,782)</u>	<u>(36,236)</u>
Net Assets, beginning			3,796,129	
Prior Period Adjustment			(438)	
Net Assets, ending			<u>\$ 3,723,909</u>	

The accompanying notes are an integral part of these financial statements.
Transfers in are \$65,000 from the Capital Improvements Fund and \$65,000 from the Economic Development Fund.

City of Shawnee, Oklahoma
Workers' Compensation Self-Insurance Fund
Internal Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2008

	2008			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
REVENUES				
Interest Income	\$ 1,000	\$ 1,000	\$ 19,012	\$ 18,012
Charges for Services	-	-	550,000	550,000
Refunds and Reimbursements	10,000	10,000	-	(10,000)
Total Revenues	<u>11,000</u>	<u>11,000</u>	<u>569,012</u>	<u>558,012</u>
EXPENDITURES				
Service and Charges	<u>556,000</u>	<u>556,000</u>	<u>1,395,443</u>	<u>(839,443)</u>
Total Expenditures	<u>556,000</u>	<u>556,000</u>	<u>1,395,443</u>	<u>(839,443)</u>
Change in Fund Balance	(545,000)	(545,000)	(826,431)	(281,431)
OTHER FINANCIAL SOURCES (USES)				
Transfers In	550,000	550,000	-	(550,000)
Net Change in Fund Balance	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>(826,431)</u>	<u>\$ (831,431)</u>
Fund Balance - Beginning, as restated			<u>(2,966,131)</u>	
Fund Balance - Ending			<u>\$ (3,792,562)</u>	

The Workers' Compensation Self-Insurance Fund is an internal service fund used to account for the financing of workers compensation services provided to other City departments on a cost reimbursement basis. These expenditures are allocated to each department based on that department's percentage of total City salaries. See the notes to the financial statements for an explanation of the prior period adjustment to restate June 30, 2007 ending fund balance. Comparative financial statements are not presented here, because of the prior period adjustment.

City of Shawnee
 Combining Balance Sheet -- Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue									
	Street and Alley Fund	E-911	Revolving Oil & Gas Fund	Economic Development Fund	Spay & Neuter Fund	Hotel/Motel Surcharge Fund	Police Sales Tax Fund	Fire Sales Tax Fund	CDBG & Home Grants Fund	Library Fund
ASSETS										
Cash and cash equivalents	\$ 77,591	\$ 239,497	\$ 195,889	\$ 168,275	\$ 16,235	\$ 55,626	\$ -	\$ -	94,995	29,060
Investments	-	-	-	-	-	-	-	-	-	-
Receivables:										
Taxes	-	-	-	33,422	-	-	41,777	41,777	-	-
Other	22,185	6,627	-	-	-	38,878	-	-	656,762	-
Total assets	<u>99,776</u>	<u>246,124</u>	<u>195,889</u>	<u>201,697</u>	<u>16,235</u>	<u>94,504</u>	<u>41,777</u>	<u>41,777</u>	<u>751,757</u>	<u>29,060</u>
LIABILITIES										
Accounts payable and accrued liabilities	499	2,967	-	-	435	75,052	-	-	18,074	637
Due to other funds	-	-	-	-	-	-	23,979	23,979	50,972	-
Deferred revenue	-	-	-	-	-	-	-	-	618,151	-
Total liabilities	<u>499</u>	<u>2,967</u>	<u>-</u>	<u>-</u>	<u>435</u>	<u>75,052</u>	<u>23,979</u>	<u>23,979</u>	<u>687,197</u>	<u>637</u>
FUND BALANCES										
Reserved for:										
Encumbrances	-	-	-	-	-	-	-	-	-	-
Specific projects	-	-	-	-	-	-	-	-	-	-
Unreserved	99,277	243,157	195,889	201,697	15,800	19,452	17,798	17,798	64,560	28,423
Total fund balances	<u>99,277</u>	<u>243,157</u>	<u>195,889</u>	<u>201,697</u>	<u>15,800</u>	<u>19,452</u>	<u>17,798</u>	<u>17,798</u>	<u>64,560</u>	<u>28,423</u>
Total liabilities and fund balances	<u>\$ 99,776</u>	<u>\$ 246,124</u>	<u>\$ 195,889</u>	<u>\$ 201,697</u>	<u>\$ 16,235</u>	<u>\$ 94,504</u>	<u>\$ 41,777</u>	<u>\$ 41,777</u>	<u>\$ 751,757</u>	<u>\$ 29,060</u>

City of Shawnee
 Combining Balance Sheet – Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue						Debt Service	Capital Project	Total Nonmajor Governmental Funds
	Cemetery Care Fund	Senior Citizens Fund	Gifts & Contributions Fund	Sister Cities Fund	Tax Increment Finance Fund	Drug Forfeiture Fund	Sinking Fund	1994 Street Improvement Project Fund	
ASSETS									
Cash and cash equivalents	\$ 247,755	\$ 20,734	\$ 73,023	\$ 13,193	\$ 138,293	\$ 5,877	\$ 135,407	\$ 76,152	\$ 1,587,602
Investments	-	-	38,973	-	-	-	-	-	38,973
Receivables:									
Taxes	-	-	-	-	-	-	-	-	116,976
Other	-	-	1,840	-	2,889	-	2,554	-	731,735
Total assets	<u>247,755</u>	<u>20,734</u>	<u>113,836</u>	<u>13,193</u>	<u>141,182</u>	<u>5,877</u>	<u>137,961</u>	<u>76,152</u>	<u>2,475,286</u>
LIABILITIES									
Accounts payable and accrued liabilities	-	-	211	424	-	-	-	-	98,299
Due to other funds	-	-	-	-	-	-	-	-	98,930
Deferred revenue	-	-	-	-	-	-	1,638	-	619,789
Total liabilities	<u>-</u>	<u>-</u>	<u>211</u>	<u>424</u>	<u>-</u>	<u>-</u>	<u>1,638</u>	<u>-</u>	<u>817,018</u>
FUND BALANCES									
Reserved for:									
Encumbrances	-	-	-	-	-	-	-	-	-
Specific projects	-	-	-	-	-	-	-	-	-
Unreserved	<u>247,755</u>	<u>20,734</u>	<u>113,625</u>	<u>12,769</u>	<u>141,182</u>	<u>5,877</u>	<u>136,323</u>	<u>76,152</u>	<u>1,658,268</u>
Total fund balances	<u>247,755</u>	<u>20,734</u>	<u>113,625</u>	<u>12,769</u>	<u>141,182</u>	<u>5,877</u>	<u>136,323</u>	<u>76,152</u>	<u>1,658,268</u>
Total liabilities and fund balances	<u>\$ 247,755</u>	<u>\$ 20,734</u>	<u>\$ 113,836</u>	<u>\$ 13,193</u>	<u>\$ 141,182</u>	<u>\$ 5,877</u>	<u>\$ 137,961</u>	<u>\$ 76,152</u>	<u>\$ 2,475,286</u>

City of Shawnee, Oklahoma
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -- Nonmajor Governmental Funds
 June 30, 2008

Special Revenue

74

	Street and Alley Fund	E-911	Revolving Oil & Gas Fund	Economic Development Fund	Spay & Neuter Fund	Hotel/Motel Surcharge Fund	Police Sales Tax Fund	Fire Sales Tax Fund	CDBG & Home Grants Fund
REVENUES									
Taxes	\$ 261,181	\$ 100,568	\$ -	\$ 259,888	\$ -	\$ 416,212	\$ 324,859	\$ 324,859	\$ -
Licenses and permits	1,425	-	17,250	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	463,806
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	2,853	-	-	-	-
Interest	3,543	8,667	7,806	5,942	1,195	-	575	575	-
Miscellaneous	-	-	-	-	-	-	-	-	76,312
Total revenues	<u>266,149</u>	<u>109,235</u>	<u>25,056</u>	<u>265,830</u>	<u>4,048</u>	<u>416,212</u>	<u>325,434</u>	<u>325,434</u>	<u>540,118</u>
EXPENDITURES									
Current:									
General government	-	-	1,015	-	-	-	-	-	-
Culture and recreation	-	-	-	34,667	-	-	-	-	-
Animal Control/E911	-	39,321	-	-	16,798	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-
Streets	265,594	-	-	-	-	-	-	-	-
Economic development	-	-	-	146,000	-	412,041	-	-	550,312
Debt service:									
Bond principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	27,685	-	-	-	-	-	-	1,308
Total expenditures	<u>265,594</u>	<u>67,006</u>	<u>1,015</u>	<u>180,667</u>	<u>16,798</u>	<u>412,041</u>	<u>-</u>	<u>-</u>	<u>551,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>555</u>	<u>42,229</u>	<u>24,041</u>	<u>85,163</u>	<u>(12,750)</u>	<u>4,171</u>	<u>325,434</u>	<u>325,434</u>	<u>(11,502)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	125,000	-	-	-	-	-
Transfers out	-	-	-	(160,000)	-	-	(317,708)	(317,708)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,000)</u>	<u>-</u>	<u>-</u>	<u>(317,708)</u>	<u>(317,708)</u>	<u>-</u>
Net change in fund balances	<u>555</u>	<u>42,229</u>	<u>24,041</u>	<u>50,163</u>	<u>(12,750)</u>	<u>4,171</u>	<u>7,726</u>	<u>7,726</u>	<u>(11,502)</u>
FUND BALANCES, beginning	<u>98,722</u>	<u>200,928</u>	<u>171,848</u>	<u>151,534</u>	<u>28,550</u>	<u>15,281</u>	<u>10,072</u>	<u>10,072</u>	<u>76,062</u>
FUND BALANCES, ending	<u>\$ 99,277</u>	<u>\$ 243,157</u>	<u>\$ 195,889</u>	<u>\$ 201,697</u>	<u>\$ 15,800</u>	<u>\$ 19,452</u>	<u>\$ 17,798</u>	<u>\$ 17,798</u>	<u>\$ 64,560</u>

See the accompanying auditors' report.

City of Shawnee, Oklahoma
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -- Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue						Debt Service	Capital project	Total Nonmajor Governmental Funds	
	Library Fund	Cemetery Care Fund	Senior Citizens Fund	Gifts & Contributions Fund	Sister Cities Fund	Tax Increment Finance Fund	Drug Forfeiture Fund	Sinking Fund		1994 Street Improvement Project Fund
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112,450	\$ -	\$ 84,469	\$ -	\$ 1,884,486
Licenses and permits	-	-	-	-	-	-	-	-	-	18,675
Intergovernmental	-	-	-	-	-	-	-	-	-	463,806
Fines and forfeitures	-	-	-	-	-	-	1,463	-	-	1,463
Charges for services	-	1,379	-	-	-	-	-	-	-	4,232
Interest	856	7,115	869	4,470	682	2,082	183	5,819	3,140	53,519
Miscellaneous	-	70,986	-	127,149	24,444	-	-	21,924	-	320,815
Total revenues	<u>856</u>	<u>79,480</u>	<u>869</u>	<u>131,619</u>	<u>25,126</u>	<u>114,532</u>	<u>1,646</u>	<u>112,212</u>	<u>3,140</u>	<u>2,746,996</u>
EXPENDITURES										
Current:										
General government	-	-	-	-	-	148	-	1,120	-	2,283
Culture and recreation	-	-	-	107,362	-	-	-	-	-	142,029
Animal Control/E911	-	-	-	-	-	-	-	-	-	56,119
Cemetery	-	914	-	-	-	-	-	-	-	914
Police	-	-	-	-	-	-	3,330	-	-	3,330
Library	36,134	-	-	-	-	-	-	-	-	36,134
Streets	-	-	-	-	-	-	-	-	-	265,594
Economic development	-	-	-	-	35,291	-	-	-	-	1,143,644
Debt service:										
Bond principal	-	-	-	-	-	-	-	100,000	-	100,000
Interest	-	-	-	-	-	-	-	9,900	-	9,900
Capital outlay	-	8,443	1,600	-	-	-	-	-	-	39,036
Total expenditures	<u>36,134</u>	<u>9,357</u>	<u>1,600</u>	<u>107,362</u>	<u>35,291</u>	<u>148</u>	<u>3,330</u>	<u>111,020</u>	<u>-</u>	<u>1,798,983</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,278)</u>	<u>70,123</u>	<u>(731)</u>	<u>24,257</u>	<u>(10,165)</u>	<u>114,384</u>	<u>(1,684)</u>	<u>1,192</u>	<u>3,140</u>	<u>948,013</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	49,000	16,453	-	-	15,000	-	-	-	-	205,453
Transfers out	-	-	-	(10,000)	-	-	-	-	-	(805,416)
Total other financing sources (uses)	<u>49,000</u>	<u>16,453</u>	<u>-</u>	<u>(10,000)</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(599,963)</u>
Net change in fund balances	<u>13,722</u>	<u>86,576</u>	<u>(731)</u>	<u>14,257</u>	<u>4,835</u>	<u>114,384</u>	<u>(1,684)</u>	<u>1,192</u>	<u>3,140</u>	<u>348,050</u>
FUND BALANCES, beginning	<u>14,701</u>	<u>161,179</u>	<u>21,465</u>	<u>99,368</u>	<u>7,934</u>	<u>26,798</u>	<u>7,561</u>	<u>135,131</u>	<u>73,012</u>	<u>1,310,218</u>
FUND BALANCES, ending	<u>\$ 28,423</u>	<u>\$ 247,755</u>	<u>\$ 20,734</u>	<u>\$ 113,625</u>	<u>\$ 12,769</u>	<u>\$ 141,182</u>	<u>\$ 5,877</u>	<u>\$ 136,323</u>	<u>\$ 76,152</u>	<u>\$ 1,658,268</u>

City of Shawnee, Oklahoma
 Street and Alley Special Revenue Fund
 Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Years Ended June 30, 2008 and 2007

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes				
Motor Vehicle Tax	\$ 202,000	\$ 202,000	\$ 204,107	\$ 2,107
Excise Tax	60,000	60,000	57,074	(2,926)
Total Taxes	<u>262,000</u>	<u>262,000</u>	<u>261,181</u>	<u>(819)</u>
Licenses and Permits	1,300	1,300	1,425	125
Interest Income	2,800	2,800	3,543	743
Total Revenues	<u>266,100</u>	<u>266,100</u>	<u>266,149</u>	<u>49</u>
EXPENDITURES				
Electricity	260,000	260,000	265,594	(5,594)
Total Expenditures	<u>260,000</u>	<u>260,000</u>	<u>265,594</u>	<u>(5,594)</u>
Net Change in Fund Balance	\$ <u>6,100</u>	\$ <u>6,100</u>	555	\$ <u>(5,545)</u>
Fund Balance - Beginning			98,722	
Fund Balance - Ending			<u>\$ 99,277</u>	

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes				
Motor Vehicle Tax	\$ 202,000	\$ 202,000	\$ 204,105	\$ 2,105
Excise Tax	60,000	60,000	57,259	(2,741)
Total Taxes	<u>262,000</u>	<u>262,000</u>	<u>261,364</u>	<u>(636)</u>
Licenses and Permits	1,300	1,300	870	(430)
Interest Income	1,600	1,600	3,343	1,743
Total Revenues	<u>264,900</u>	<u>264,900</u>	<u>265,577</u>	<u>677</u>
EXPENDITURES				
Electricity	260,000	260,000	275,747	(15,747)
Total Expenditures	<u>260,000</u>	<u>260,000</u>	<u>275,747</u>	<u>(15,747)</u>
Net Change in Fund Balance	\$ <u>4,900</u>	\$ <u>4,900</u>	(10,170)	\$ <u>(15,070)</u>
Fund Balance - Beginning			108,892	
Fund Balance - Ending			<u>\$ 98,722</u>	

See the accompanying auditors' report.

Motor vehicle and excise tax revenues are accounted for in this fund and are used to pay the cost of electricity for street lights.

City of Shawnee, Oklahoma
E-911 Special Revenue Fund
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Years Ended June 30, 2008 and 2007

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES				
Taxes	\$ 112,000	\$ 112,000	\$ 100,568	\$ (11,432)
Interest Income	4,000	4,000	8,667	4,667
Total Revenues	<u>116,000</u>	<u>116,000</u>	<u>109,235</u>	<u>(6,765)</u>
EXPENDITURES				
Materials and Supplies	3,000	3,000	-	3,000
Other Services and Charges	40,000	40,000	39,321	679
Capital Outlay	57,500	101,357	27,685	73,672
Total Expenditures	<u>100,500</u>	<u>144,357</u>	<u>67,006</u>	<u>77,351</u>
Change in Fund Balance	<u>\$ 15,500</u>	<u>\$ (28,357)</u>	42,229	<u>\$ 70,586</u>
Fund Balance - Beginning			200,928	
Fund Balance - Ending			<u>\$ 243,157</u>	

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES				
Taxes	\$ 115,000	\$ 115,000	\$ 108,481	\$ (6,519)
Interest Income	800	800	5,726	4,926
Total Revenues	<u>115,800</u>	<u>115,800</u>	<u>114,207</u>	<u>(1,593)</u>
EXPENDITURES				
Materials and Supplies	2,500	2,500	2,488	12
Other Services and Charges	34,000	34,000	39,604	(5,604)
Capital Outlay	76,000	76,000	9,366	66,634
Total Expenditures	<u>112,500</u>	<u>112,500</u>	<u>51,458</u>	<u>61,042</u>
Change in Fund Balance	<u>\$ 3,300</u>	<u>\$ 3,300</u>	62,749	<u>\$ 59,449</u>
Fund Balance - Beginning			138,179	
Fund Balance - Ending			<u>\$ 200,928</u>	

77

See the accompanying auditors' report.

E-911 taxes collected and remitted by local telephone companies to the City of Shawnee fund the 911 system's telephone charges and capital outlays for improvements to the system.

City of Shawnee, Oklahoma
 Revolving Oil and Gas Special Revenue Fund
 Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Years Ended June 30, 2008 and 2007

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES				
Licenses & Permits				
Drilling Permits	\$ 1,000	\$ 1,000	\$ 7,000	\$ 6,000
Renewal Permits	3,000	3,000	10,250	7,250
Plugging Fees	-	-	-	-
Interest Income	3,500	3,500	7,806	4,306
Total Revenues	<u>7,500</u>	<u>7,500</u>	<u>25,056</u>	<u>17,556</u>
EXPENDITURES				
Fire Prevention	2,000	2,000	1,015	985
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,015</u>	<u>985</u>
Change in Fund Balance	<u>\$ 5,500</u>	<u>\$ 5,500</u>	24,041	<u>\$ 18,541</u>
Fund Balance - Beginning			171,848	
Fund Balance - Ending			<u>\$ 195,889</u>	

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES				
Licenses & Permits				
Drilling Permits	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Renewal Permits	2,000	2,000	31,710	29,710
Plugging Fees	-	-	-	-
Interest Income	-	-	5,345	5,345
Total Revenues	<u>7,000</u>	<u>7,000</u>	<u>37,055</u>	<u>30,055</u>
EXPENDITURES				
Fire Prevention	2,000	2,000	1,200	800
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,200</u>	<u>800</u>
Change in Fund Balance	<u>\$ 5,000</u>	<u>\$ 5,000</u>	35,855	<u>\$ 30,855</u>
Fund Balance - Beginning			135,993	
Fund Balance - Ending			<u>\$ 171,848</u>	

78

See the accompanying auditors' report.

Revenue from drilling and renewal permits are collected in this fund.

City of Shawnee, Oklahoma
 Economic Development Special Revenue Fund
 Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Years Ended June 30, 2008 and 2007

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES				
Sales Tax	\$ 254,000	\$ 254,000	\$ 259,888	\$ 5,888
Interest Income	3,000	3,000	5,942	2,942
Total Revenues	<u>257,000</u>	<u>257,000</u>	<u>265,830</u>	<u>8,830</u>
EXPENDITURES				
Other Services and Charges	172,000	307,000	180,667	126,333
Total Expenditures	<u>172,000</u>	<u>307,000</u>	<u>180,667</u>	<u>126,333</u>
Change in Fund Balance	85,000	(50,000)	85,163	135,163
OTHER FINANCING SOURCES (USES)				
Transfers In	-	125,000	125,000	-
Transfer To Component Unit	-	-	(50,000)	(50,000)
Transfers Out	(90,000)	(160,000)	(110,000)	-
Net Change in Fund Balance	<u>\$ (5,000)</u>	<u>\$ (85,000)</u>	50,163	<u>\$ 85,163</u>
Fund Balance - Beginning			151,534	
Fund Balance - Ending			<u>\$ 201,697</u>	

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES				
Sales Tax	\$ 237,500	\$ 237,500	\$ 242,678	\$ 5,178
Interest Income	1,300	1,300	4,546	3,246
Total Revenues	<u>238,800</u>	<u>238,800</u>	<u>247,224</u>	<u>8,424</u>
EXPENDITURES				
Other Services and Charges	237,000	237,000	158,417	78,583
Total Expenditures	<u>237,000</u>	<u>237,000</u>	<u>158,417</u>	<u>78,583</u>
Change in Fund Balance	1,800	1,800	88,807	87,007
OTHER FINANCING SOURCES (USES)				
Transfers In	(65,000)	(65,000)	(65,000)	-
Transfers Out	-	-	-	-
Net Change in Fund Balance	<u>\$ (63,200)</u>	<u>\$ (63,200)</u>	23,807	<u>\$ 87,007</u>
Fund Balance - Beginning			137,525	
Prior Period Adjustment			(9,798)	
Fund Balance - Ending			<u>\$ 151,534</u>	

See the accompanying auditors' report.

A portion of the City's third penny sales tax funds the Economic Development Fund. The City contracts with local entities to promote economic development and financially supports other economic development efforts.

Shawnee Economic Development Foundation	\$ 100,000
Downtown Shawnee	32,000
Shawnee Airport Authority	65,000
Shawnee Civic and Cultural Development Authority	50,000
Shawnee Sister Cities	15,000
Modeling software	40,000

City of Shawnee, Oklahoma
Spay and Neuter Special Revenue Fund
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Years Ended June 30, 2008 and 2007

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES				
Interest Income	\$ 500	\$ 500	\$ 1,195	\$ 695
Spay and Neuter Revenue	5,050	5,050	2,853	(2,197)
Total Revenues	<u>5,550</u>	<u>5,550</u>	<u>4,048</u>	<u>(1,502)</u>
EXPENDITURES				
Other Services and Charges	5,200	5,200	4,675	525
Total Expenditures	<u>5,200</u>	<u>5,200</u>	<u>4,675</u>	<u>525</u>
Change in Fund Balance	\$ 350	\$ 350	(627)	\$ (977)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	(12,123)	(12,123)
Net Change in Fund Balance	<u>\$ 350</u>	<u>\$ 350</u>	(12,750)	<u>\$ (13,101)</u>
Fund Balance - Beginning			<u>28,550</u>	
Fund Balance - Ending			<u>\$ 15,800</u>	

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES				
Interest Income	\$ 150	\$ 150	\$ 979	\$ 829
Spay and Neuter Revenue	5,050	5,050	15,829	10,779
Total Revenues	<u>5,200</u>	<u>5,200</u>	<u>16,808</u>	<u>11,608</u>
EXPENDITURES				
Other Services and Charges	5,200	5,200	5,575	(375)
Total Expenditures	<u>5,200</u>	<u>5,200</u>	<u>5,575</u>	<u>(375)</u>
Change in Fund Balance	\$ -	\$ -	11,233	\$ 11,233
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ 11,233</u>
Fund Balance - Beginning			<u>17,317</u>	
Fund Balance - Ending			<u>\$ 28,550</u>	

See the accompanying auditors' report.

This fund accounts for the City's animal adoption program.

City of Shawnee, Oklahoma
 Hotel / Motel Surcharge Special Revenue Fund
 Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Years Ended June 30, 2008 and 2007

	2008					2007			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget		Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES					REVENUES				
Hotel / Motel Surcharge	\$ 350,000	\$ 350,000	\$ 416,212	\$ 66,212	Hotel / Motel Surcharge	\$ 275,000	\$ 275,000	\$ 358,729	\$ 83,729
Total Revenues	<u>350,000</u>	<u>350,000</u>	<u>416,212</u>	<u>66,212</u>	Total Revenues	<u>275,000</u>	<u>275,000</u>	<u>358,729</u>	<u>83,729</u>
EXPENDITURES					EXPENDITURES				
Other Contractual Services	396,500	396,500	412,041	(15,541)	Other Contractual Services	268,810	268,810	354,631	(85,821)
Total Expenditures	<u>396,500</u>	<u>396,500</u>	<u>412,041</u>	<u>(15,541)</u>	Total Expenditures	<u>268,810</u>	<u>268,810</u>	<u>354,631</u>	<u>(85,821)</u>
Changes in Fund Balance	\$ <u>(46,500)</u>	\$ <u>(46,500)</u>	4,171	\$ <u>50,671</u>	Changes in Fund Balance	\$ <u>6,190</u>	\$ <u>6,190</u>	4,098	\$ <u>(2,092)</u>
Fund Balance - Beginning			15,281		Fund Balance - Beginning			44,051	
Fund Balance - Ending			\$ <u>19,452</u>		Prior Period Adjustment			(32,868)	
					Fund Balance - Ending			\$ <u>15,281</u>	

See the accompanying auditors' report.

The City uses this fund to account for the collection of a 5% hotel/motel surcharge. Ninety-nine percent of this surcharge is remitted to the Chamber of Commerce's Shawnee Tourism and Visitors Bureau to increase tourism. The City retains 1% of the surcharge in this fund to be used by the City for the promotion of tourism.

City of Shawnee, Oklahoma
Police Sales Tax Special Revenue Fund
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Years Ended June 30, 2008 and 2007

	2008					2007			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget		Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES					REVENUES				
Sales Tax	\$ 317,708	\$ 317,708	\$ 324,859	\$ 7,151	Sales Sales Tax	\$ 302,083	\$ 302,083	\$ 303,347	\$ 1,264
Interest Income	500	500	575	75	Interest Income	-	-	573	573
Total Revenues	<u>318,208</u>	<u>318,208</u>	<u>325,434</u>	<u>7,226</u>	Total Revenues	<u>302,083</u>	<u>302,083</u>	<u>303,920</u>	<u>1,837</u>
OTHER FINANCING SOURCES (USES)					OTHER FINANCING SOURCES (USES)				
Transfers Out	(317,708)	(317,708)	(317,708)	-	Transfers Out	(302,083)	(302,083)	(302,083)	-
Change in Fund Balance	<u>\$ 500</u>	<u>\$ 500</u>	7,726	<u>\$ 7,226</u>	Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	1,837	<u>\$ 1,837</u>
Fund Balance - Beginning			10,072		Fund Balance - Beginning			20,483	
Fund Balance - Ending			<u>\$ 17,798</u>		Prior Period Adjustment			(12,248)	
					Fund Balance - Ending			<u>\$ 10,072</u>	

See the accompanying auditors' report.

This fund accounts for 6.25% of a one-cent dedicated sales tax designated to help offset expenditures of the police department and other police-related and safety-related costs of the City.

City of Shawnee, Oklahoma
 Fire Sales Tax Special Revenue Fund
 Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Years Ended June 30, 2008 and 2007

	2008					2007			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget		Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES					REVENUES				
Sales Tax	\$ 317,708	\$ 317,708	\$ 324,859	\$ 7,151	Sales Sales Tax	\$ 302,083	\$ 302,083	\$ 303,347	\$ 1,264
Interest Income	500	500	575	75	Interest Income	-	-	573	573
Total Revenues	<u>318,208</u>	<u>318,208</u>	<u>325,434</u>	<u>7,226</u>	Total Revenues	<u>302,083</u>	<u>302,083</u>	<u>303,920</u>	<u>1,837</u>
OTHER FINANCING SOURCES (USES)					OTHER FINANCING SOURCES (USES)				
Transfers Out	(317,708)	(317,708)	(317,708)	-	Transfers Out	(302,083)	(302,083)	(302,083)	-
Change in Fund Balance	<u>\$ 500</u>	<u>\$ 500</u>	7,726	<u>\$ 7,226</u>	Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	1,837	<u>\$ 1,837</u>
Fund Balance - Beginning			10,072		Fund Balance - Beginning			20,483	
Fund Balance - Ending			<u>\$ 17,798</u>		Prior Period Adjustment			(12,248)	
					Fund Balance - Ending			<u>\$ 10,072</u>	

See the accompanying auditors' report.

83

This fund accounts for 6.25% of a one-cent dedicated sales tax designated to help offset expenditures of the fire department and other fire suppression, prevention, training and safety-related costs of the City.

City of Shawnee, Oklahoma
Library Fund
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Years Ended June 30, 2008 and 2007

	2008					2007			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget		Original Budget	Final Budget	Actual Amounts	Variance From Final Budget
REVENUES					REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -	Taxes	\$ -	\$ -	\$ -	\$ -
Interest Income	500	500	856	356	Interest Income	-	-	675	675
Total Revenues	500	500	856	356	Total Revenues	-	-	675	675
EXPENDITURES					EXPENDITURES				
Materials and Supplies	3,600	3,600	1,256	2,344	Materials and Supplies	3,600	3,600	1,790	1,810
Other Services and Charges	40,900	40,900	34,878	6,022	Other Services and Charges	41,730	41,730	61,395	(19,665)
Capital Outlay	-	-	-	-	Capital Outlay	-	-	-	-
Total Expenditures	44,500	44,500	36,134	8,366	Total Expenditures	45,330	45,330	63,185	(17,855)
Change in Fund Balance	(44,000)	(44,000)	(35,278)	8,722	Change in Fund Balance	(45,330)	(45,330)	(62,510)	(17,180)
OTHER FINANCIAL SOURCES (USES)					OTHER FINANCIAL SOURCES (USES)				
Transfers In	49,000	49,000	49,000	-	Transfers In	49,000	49,000	49,000	-
Net Change in Fund Balance	\$ 5,000	\$ 5,000	13,722	\$ 8,722	Net Change in Fund Balance	\$ 3,670	\$ 3,670	(13,510)	\$ (17,180)
Fund Balance - Beginning			14,701		Fund Balance - Beginning			28,211	
Fund Balance - Ending			\$ 28,423		Fund Balance - Ending			\$ 14,701	

See the accompanying auditors' report.

In addition to the \$49,000 transfer in from the General Fund, the contract for janitorial services for the library is paid from the General Fund.

City of Shawnee, Oklahoma
 Cemetery Perpetual Fund
 Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Years Ended June 30, 2008 and 2007

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES				
Interest Income	\$ 1,200	\$ 1,200	\$ 7,115	\$ 5,915
Sale of Cemetery Lots	2,000	2,000	1,379	(621)
Other Revenue	3,200	3,200	70,986	67,786
Total Revenues	<u>6,400</u>	<u>6,400</u>	<u>79,480</u>	<u>73,080</u>
EXPENDITURES				
Other Services and Charges	18,453	18,453	914	17,539
Capital Outlay	93,500	93,500	8,443	85,057
Materials and Supplies	4,000	4,000	-	4,000
Total Expenditures	<u>115,953</u>	<u>115,953</u>	<u>9,357</u>	<u>106,596</u>
Change in Fund Balance	(109,553)	(109,553)	70,123	179,676
OTHER FINANCIAL SOURCES (USES)				
Transfers In	-	16,453	16,453	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (93,100)</u>	<u>86,576</u>	<u>\$ 179,676</u>
Fund Balance - Beginning			161,179	
Fund Balance - Ending			<u>\$ 247,755</u>	

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance From Final Budget
REVENUES				
Interest Income	\$ 1,200	\$ 1,200	\$ 5,511	\$ 4,311
Sale of Cemetery Lots	-	-	-	-
Other Revenue	2,000	5,200	4,892	(308)
Total Revenues	<u>3,200</u>	<u>6,400</u>	<u>10,403</u>	<u>4,003</u>
EXPENDITURES				
Other Services and Charges	6,000	6,000	1,000	5,000
Capital Outlay	75,000	75,000	-	75,000
Materials and Supplies	-	-	-	-
Total Expenditures	<u>81,000</u>	<u>81,000</u>	<u>1,000</u>	<u>80,000</u>
Change in Fund Balance	(77,800)	(74,600)	9,403	84,003
OTHER FINANCIAL SOURCES (USES)				
Transfers In	-	-	-	-
Net Change in Fund Balance	<u>\$ (77,800)</u>	<u>\$ (74,600)</u>	<u>9,403</u>	<u>\$ 84,003</u>
Fund Balance - Beginning			151,776	
Fund Balance - Ending			<u>\$ 161,179</u>	

See the accompanying auditors' report.

City of Shawnee, Oklahoma
Senior Citizens Fund
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Years Ended June 30, 2008 and 2007

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance From Final Budget
REVENUES				
Interest Income	\$ 250	\$ 250	\$ 869	\$ 619
Total Revenues	<u>250</u>	<u>250</u>	<u>869</u>	<u>619</u>
EXPENDITURES				
Capital Outlay	-	-	1,600	(1,600)
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,600</u>	<u>(1,600)</u>
Change in Fund Balance	250	250	(731)	(981)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Net Change in Fund Balance	<u>\$ 250</u>	<u>\$ 250</u>	<u>(731)</u>	<u>\$ (981)</u>
Fund Balance - Beginning			21,465	
Fund Balance - Ending			<u>\$ 20,734</u>	

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance From Final Budget
REVENUES				
Interest Income	\$ 250	\$ 250	\$ 745	\$ 495
Total Revenues	<u>250</u>	<u>250</u>	<u>745</u>	<u>495</u>
EXPENDITURES				
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	250	250	745	495
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Net Change in Fund Balance	<u>\$ 250</u>	<u>\$ 250</u>	<u>745</u>	<u>\$ 495</u>
Fund Balance - Beginning			20,720	
Fund Balance - Ending			<u>\$ 21,465</u>	

See the accompanying auditors' report.

City of Shawnee, Oklahoma
 Gifts and Contributions Fund
 Comparataive Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Years Ended June 30, 2008 and 2007

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance From Final Budget
REVENUES				
Gifts and Donations	\$ -	\$ 111,740	\$ 110,026	\$ (1,714)
Grant Revenues	-	-	-	-
Interest Income	-	5,940	4,470	(1,470)
Total Revenues	<u>-</u>	<u>117,680</u>	<u>114,496</u>	<u>(3,184)</u>
EXPENDITURES				
Projects	-	125,954	107,362	18,592
Capital Outlays	-	-	-	-
Total Expenditures	<u>-</u>	<u>125,954</u>	<u>107,362</u>	<u>18,592</u>
Change in Fund Balance	-	(8,274)	7,134	15,408
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	12,123 (10,000)	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (8,274)</u>	<u>9,257</u>	<u>\$ 15,408</u>
Fund Balance - Beginning			104,368	
Fund Balance - Ending			<u>\$ 113,625</u>	

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance From Final Budget
REVENUES				
Gifts and Donations	\$ 10,000	\$ 10,000	\$ 23,278	\$ 13,278
Grant Revenues	-	-	20,000	20,000
Interest Income	2,500	2,500	5,520	3,020
Total Revenues	<u>12,500</u>	<u>12,500</u>	<u>48,798</u>	<u>36,298</u>
EXPENDITURES				
Projects	13,500	40,000	30,714	9,286
Capital Outlays	-	-	-	-
Total Expenditures	<u>13,500</u>	<u>40,000</u>	<u>30,714</u>	<u>9,286</u>
Change in Fund Balance	(1,000)	(27,500)	18,084	27,012
OTHER FINANCING SOURCES (USES)				
Transfers In	-	5,000	5,000	-
Net Change in Fund Balance	<u>\$ (1,000)</u>	<u>\$ (22,500)</u>	<u>23,084</u>	<u>\$ 27,012</u>
Fund Balance - Beginning			96,004	
Prior Period Adjustment			(14,720)	
Fund Balance - Ending			<u>\$ 104,368</u>	

See the accompanying auditors' report.

**City of Shawnee, Oklahoma
Sister Cities Fund
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Years Ended June 30, 2008 and 2007**

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance From Final Budget
REVENUES				
Collections - Japan Trip	\$ 15,600	\$ 15,600	\$ 23,629	\$ 8,029
Other Revenues	-	-	815	815
Interest Income	1,000	1,000	682	(318)
Total Revenues	<u>16,600</u>	<u>16,600</u>	<u>25,126</u>	<u>8,526</u>
EXPENDITURES				
Travel	-	-	34,931	(34,931)
Other	31,350	31,350	360	30,990
Total Expenditures	<u>31,350</u>	<u>31,350</u>	<u>35,291</u>	<u>(3,941)</u>
Change in Fund Balance	(14,750)	(14,750)	(10,165)	4,585
OTHER FINANCIAL SOURCES (USES)				
Transfers In	15,000	15,000	15,000	-
Net Change in Fund Balance	<u>\$ 250</u>	<u>\$ 250</u>	<u>4,835</u>	<u>\$ 4,585</u>
Fund Balance - Beginning			7,934	
Fund Balance - Ending			<u>\$ 12,769</u>	

See the accompanying auditors' report.

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance From Final Budget
REVENUES				
Collections - Japan Trip	\$ 17,800	\$ 17,800	\$ 17,240	\$ (560)
Other Revenues	2,500	6,900	4,578	(2,322)
Interest Income	-	-	2,072	2,072
Total Revenues	<u>20,300</u>	<u>24,700</u>	<u>23,890</u>	<u>(810)</u>
EXPENDITURES				
Travel	20,000	20,000	29,823	(9,823)
Other	11,350	11,350	10,387	963
Total Expenditures	<u>31,350</u>	<u>31,350</u>	<u>40,210</u>	<u>(8,860)</u>
Change in Fund Balance	(11,050)	(6,650)	(16,320)	(9,670)
OTHER FINANCIAL SOURCES (USES)				
Transfers In	15,000	15,000	15,000	-
Net Change in Fund Balance	<u>\$ 3,950</u>	<u>\$ 8,350</u>	<u>(1,320)</u>	<u>\$ (9,670)</u>
Fund Balance - Beginning			9,254	
Fund Balance - Ending			<u>\$ 7,934</u>	

See the accompanying auditors' report.

City of Shawnee, Oklahoma
 Tax Increment Finance Fund
 Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Years Ended June 30, 2008 and 2007

	2008					2007			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget		Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES					REVENUES				
Ad Valorem Taxes - Current	\$ 10,000	\$ 10,000	\$ 112,450	\$ 102,450	Ad Valorem Taxes - Current	\$ 11,329	\$ 11,329	\$ 24,646	\$ 13,317
Interest Income	-	-	2,082	2,082	Interest Income	96	96	321	225
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>114,532</u>	<u>104,532</u>	Total Revenues	<u>11,425</u>	<u>11,425</u>	<u>24,967</u>	<u>13,542</u>
EXPENDITURES					EXPENDITURES				
Legal Advertising	500	500	148	352	Legal Advertising	186	186	186	-
Total Expenditures	<u>500</u>	<u>500</u>	<u>148</u>	<u>352</u>	Total Expenditures	<u>186</u>	<u>186</u>	<u>186</u>	<u>-</u>
Change in Fund Balance	\$ <u>9,500</u>	\$ <u>9,500</u>	114,384	\$ <u>104,884</u>	Change in Fund Balance	\$ <u>11,239</u>	\$ <u>11,239</u>	24,781	\$ <u>13,542</u>
Fund Balance - Beginning			26,798		Fund Balance - Beginning			2,017	
Fund Balance - Ending			\$ <u>141,182</u>		Fund Balance - Ending			\$ <u>26,798</u>	

68

See the accompanying auditors' report.

This fund accounts for ad valorem taxes paid to the City on properties located in the Shawnee Downtown Revitalization Area and Increment District to be used for projects within that District.

City of Shawnee, Oklahoma
Drug Forfeiture Fund
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Years Ended June 30, 2008 and 2007

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES				
Drug Forfeitures - County	\$ 5,000	\$ 5,000	\$ 1,463	\$ (3,537)
Interest Income	-	-	183	183
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>1,646</u>	<u>(3,354)</u>
EXPENDITURES				
Minor Tools and Equipment	5,000	5,000	3,330	1,670
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>3,330</u>	<u>1,670</u>
Change in Fund Balance	<u>-</u>	<u>-</u>	<u>(1,684)</u>	<u>(1,684)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,684)</u>	<u>\$ (1,684)</u>
Fund Balance - Beginning			7,561	
Fund Balance - Ending			<u>\$ 5,877</u>	

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES				
Drug Forfeitures - County	\$ 2,447	\$ 2,477	\$ 5,561	\$ 3,084
Interest Income	-	-	-	-
Total Revenues	<u>2,447</u>	<u>2,477</u>	<u>5,561</u>	<u>3,084</u>
EXPENDITURES				
Minor Tools and Equipment	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	<u>2,447</u>	<u>2,477</u>	<u>5,561</u>	<u>3,084</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,000	2,000	2,000	-
Net Change in Fund Balance	<u>\$ 4,447</u>	<u>\$ 4,477</u>	<u>7,561</u>	<u>\$ 3,084</u>
Fund Balance - Beginning			-	
Fund Balance - Ending			<u>\$ 7,561</u>	

See the accompanying auditors' report.

This fund accounts for funds received from Pottawatomie County drug enforcement activities to help fund City drug-related law enforcement efforts.

City of Shawnee, Oklahoma
Debt Service Fund
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Years Ended June 30, 2008 and 2007

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes				
Ad Valorem Taxes - Current	\$ 95,000	\$ 95,000	\$ 79,577	\$ (15,423)
Ad Valorem Taxes - Prior	4,000	4,000	4,892	892
Payments In Lieu of Taxes	20,000	20,000	21,924	1,924
Total Tax Revenues	<u>119,000</u>	<u>119,000</u>	<u>106,393</u>	<u>(12,607)</u>
Interest Income	1,000	1,000	5,819	4,819
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>112,212</u>	<u>(7,788)</u>
EXPENDITURES				
Debt Service				
Bond Principal	100,000	100,000	100,000	-
Interest	20,000	20,000	9,900	10,100
Other Fees	-	-	1,120	(1,120)
Total Expenditures	<u>120,000</u>	<u>120,000</u>	<u>111,020</u>	<u>8,980</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	1,192	<u>\$ 1,192</u>
Fund Balance - Beginning			135,131	
Fund Balance - Ending			<u>\$ 136,323</u>	

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes				
Ad Valorem Taxes - Current	\$ 95,000	\$ 95,000	\$ 81,710	\$ (13,290)
Ad Valorem Taxes - Prior	2,500	2,500	3,231	731
Payments In Lieu of Taxes	20,000	20,000	24,169	4,169
Total Tax Revenues	<u>117,500</u>	<u>117,500</u>	<u>109,110</u>	<u>(8,390)</u>
Interest Income	1,000	1,000	4,818	3,818
Total Revenues	<u>118,500</u>	<u>118,500</u>	<u>113,928</u>	<u>(4,572)</u>
EXPENDITURES				
Debt Service				
Bond Principal	100,000	100,000	100,000	-
Interest	20,000	20,000	14,700	5,300
Other Fees	-	-	1,404	(1,404)
Total Expenditures	<u>120,000</u>	<u>120,000</u>	<u>116,104</u>	<u>3,896</u>
Net Change in Fund Balance	<u>\$ (1,500)</u>	<u>\$ (1,500)</u>	(2,176)	<u>\$ (676)</u>
Fund Balance - Beginning			132,195	
Prior Period Adjustment			5,112	
Fund Balance - Ending			<u>\$ 135,131</u>	

See the accompanying auditors' report.

The City pays its 1994 General Obligation Limited Access Facilities Bonds from this fund.
The final principal payment will be made February 1, 2009.

City of Shawnee, Oklahoma
 94 Street Improvement Fund
 Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Years Ended June 30, 2008 and 2007

	2008			
	Original Budget	Final Budget	Actual Amounts	Variance From Final Budget
REVENUES				
Interest Income	\$ -	\$ -	\$ 3,140	\$ 3,140
Total Revenues	<u>-</u>	<u>-</u>	<u>3,140</u>	<u>3,140</u>
EXPENDITURES				
Total Expenditures	-	-	-	-
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,140</u>	<u>\$ 3,140</u>
Fund Balances - Beginning			73,012	
Fund Balances - Ending			<u>\$ 76,152</u>	

	2007			
	Original Budget	Final Budget	Actual Amounts	Variance From Final Budget
REVENUES				
Interest Income	\$ -	\$ -	\$ 2,535	\$ 2,535
Total Revenues	<u>-</u>	<u>-</u>	<u>2,535</u>	<u>2,535</u>
EXPENDITURES				
Total Expenditures	-	-	-	-
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,535</u>	<u>\$ 2,535</u>
Fund Balances - Beginning			70,477	
Fund Balances - Ending			<u>\$ 73,012</u>	

See the accompanying auditors' report.

This fund accounts for the 1994 general obligation bond proceeds designated for the construction of specific street projects.

